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GERMANY AND EUROPE

BY
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FORMER GERMAN MINISTER TO POLAND

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PREFACE

THE following lectures were delivered at Williamstown, Massachusetts, in July and August, 1923, before the Institute of Politics. The last one has been expanded in order to meet the interest expressed in the economic ideas underlying German Democracy. The others are printed as delivered. They are an endeavor to put before an American audience the situation in Europe and Germany. Of course, I am well aware of my limitations; as a German I necessarily see the situation from a German point of view. But I believe that this is also almost the only justification for these lectures and for their publication as a book. What all nations need most to-day is to get back to some common starting point for thinking things out, and thence coöperating; and this can be reached only by perceiving clearly what each has in mind and primarily wants. We in Germany must learn to take as facts the conceptions and aims of our former enemies; and I hope it may be helpful if they also are enabled to know at first-hand what we really think and want. Misconceptions and diplomatic veils can at the present time be only mischievous. I have therefore tried above all things to be frank. And I only wish this frankness may be as little misunderstood by those who read these lectures as by those who heard them in Williamstown; to whom, as well as to the originators and supporters of the Williamstown Institute, I want to express once more in this preface my sincere and deep gratitude for the open mind

with which they invited and received me, and for their unfailing courtesy and kindness. The work which they are doing and which, to judge by the unprecedented publicity it has attained throughout the United States, is educating large masses of the American people to take a broad-minded view of international problems, is undoubtedly unique. Anything similar would unfortunately be impossible in Europe; but as one of the most hopeful steps towards a close understanding between the two Continents it seems to me not only of American but also of European importance.

H. KESSLER.

New York,
September 7, 1923.

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GERMANY AND EUROPE

LECTURE I

THE FRUITS OF THE WAR AND THE FRUITS OF PEACE

THE subject which I have been invited to treat before you in six lectures is "Germany and Europe." My endeavor will, therefore, be to put before you the problems out of which the present situation in Europe has arisen, and then the part which Germany may be expected to play as one of the factors in this highly dramatic situation.

I intend to treat in my first lecture to-day the European situation before the war and the great problems arising for Europe out of the results of the war; in my second lecture I shall go into the solutions applied by the Treaty of Versailles; in my third, I intend to give you a sketch of the internal situation in Germany after the war; in my fourth and fifth I shall speak on Reparations and Security; and in my sixth, on German Democracy and World Organization.

Of course, most of the problems of which the war and the present critical state of Europe are the outcome were not new in 1914: they date back far behind the war. At the root of them all I think you will find, if you dig down for fundamental facts:

(1) An immense and unprecedented growth of population in almost all the European countries within the last century;

(2) An awakening, still more unprecedented, of the masses, of the self-consciousness of the masses, due to popular education, to the popular press, and to all sorts of authorized and unauthorized propaganda.

I think you will find these two facts, the rapid growth of population and the awakening of the masses, at the bottom of most of the great changes which came over Europe in the nineteenth century.

(1) The growth of population beyond the sustaining capacity of the soil gave every European nation the millions of hungry hands necessary to start great industries, to start "big business" on an unprecedented scale. It not only gave each of these expanding nations the opportunity, it forced upon it also the necessity of creating and maintaining great industries; for it forced them to buy food and raw materials in great quantities in foreign markets, and forced them, therefore, to sell in foreign markets great quantities of their own products, in order to pay for what they urgently needed. The English people could not live more than three months in the year on the food produced in the British Isles; or, putting it another way, three-fourths of the people of Great Britain would have to starve if it lost the capacity of buying food in foreign markets. Germany, even before the war, had to import about one-third of its foodstuffs and almost all its raw materials. Here you have the roots of modern industrial competition as between nations, certainly exploited and embittered often by the ambitions and the greed of individuals, but essentially and elementarily forced upon each growing country by fundamental causes, until some other means is found of securing

for each country by adequate machinery the food and raw materials needed by its growing population.

(2) The second great governing factor in the history of the last century is the awakening of the masses, the growth of mass-consciousness. I mean by mass-consciousness the perception of common interests or purposes by any great mass of people and their sense of unity when confronted by certain questions or events or purposes. Up to very nearly the end of the eighteenth century the will or the consciousness of the masses was of very little weight in international affairs, except in religious matters. I think the first great awakening of non-religious mass-consciousness in modern times was the common sense of injury and the common passion for liberty of your American ancestors when they broke away from Britain as a separate and self-conscious political unit. Call this Republicanism, call it what you like—whatever name you give this phenomenon, it was a portent in the sky announcing a new era of human history, it was a star of the Magi leading humanity into realms of new and incalculable forces. When Goethe rode back from the battlefield of Valmy, he said to his companions: "From this day dates a new epoch in history, and you can say: *Ich war dabei*; I was present." I think that with still greater truth your ancestors in Massachusetts, when they threw the bales of tea into Boston harbor, could have said, "On this day begins a new epoch, and we citizens of America, we have given it its send-off."

I wish to be brief, but I must outline the great forces of modern history which this awakening of the masses has called into being. I see principally three:

(1) First, modern Democracy—the claim of the

masses to be governed only by laws and purposes to which they have consciously consented; not by any law or plan to which their consent has not been consciously given. But also—and this is the converse of the former proposition—their claim, when they have in their majority agreed on a law or set their minds on a purpose, to enforce this resolution on the community as a whole and on each of its individual members; that is, their claim to absolute power in shaping the policy of the community.

(2) The second big tree from the root of mass-consciousness is Nationalism—the consciousness, within a certain limited section of humanity, of its common heritage and destiny as differing from, and often conflicting with, the destiny and interests of other sections of humanity, or other nations. And, as an outcome of this, the will to self-determination and unity of each nation; the passionate repudiation of any alien rule or sovereignty; and the passionate resolve to unite with all those of the same race.

(3) And the third great shoot from the same stock is what is called “Class-Consciousness”: the feeling of the workers of their unity as a class, regardless of national frontiers; the feeling voiced by Marx in his appeal: “Workers of all countries, unite”; the driving force behind the Russian revolution and behind every form of revolutionary Socialism.

Now what was the result of all these great movements set going by the increase of population and the awakening of the masses? They put before Europe problems of immense magnitude. But at the same time they raised or released forces more unbounded, more vigorous, more promising than any evolved before by humanity.

The problems they raised were indeed agonizing.

Economic competition under the stress of growing population threatened the expanding nations, not merely in their prosperity, but in the very life of their citizens, in so far as their ability to procure food and work for them was at the mercy of their defeat in distant markets over which they had no direct control. Unemployment and starvation were never far below the horizon of Lancashire, of Glasgow, or of the Ruhr. Busy millions were kept alive only by constant struggles in a field in which defeat was always possible and in which defeat meant suffering unbearable for those whose numbers had outgrown the sustaining power of their countries' soil. Every growing nation had to face the question, how to secure its necessary supplies of food and raw materials against the equally pressing demands of other growing nations.

But increasing economic competition was not the only disquieting effect of the rapid growth of population. Another was the shifting balance of man-power between nations. For the growth of population was not on the same scale in all nations. Almost all increased; but some increased much more rapidly than others. France saw Germany outstrip her by twenty millions in a little more than a generation; and it was only natural that she should look at this increase with fear and suspicion. But Germany herself was being outstripped more and more by Russia. If the growth of the German people was felt as a danger by the French, the growth of the Russian people was equally disquieting to the Germans. Some time before the war, the late German Chancellor, Bethmann-Hollweg, expressed publicly his alarm at the "rising tide of

Slav peoples'' which might some day submerge Germany. Who, looking to the facts then and at what has happened since, can say that such fears were unjustified? The shifting balance of man-power set those nations which were falling back in the race the problem of securing themselves against aggression by the nations whose strength was increasing.

No less urgent were the problems set by the awakening of the masses and, first and foremost, by nationalism and the growing will of nations to self-determination and unity. I believe it was Secretary Lansing who noted down in his diary at Paris that the idea of self-determination carried by President Wilson into the councils at Versailles would work like dynamite on Europe. Well, that dynamite was always smoldering and sometimes violently exploding in most of the great Empires of Europe during the greater part of the last century. Not only the Ottoman Empire, but also Austria, Germany, and Great Britain, were never, in the course of the last hundred years, safe from its effects. It made a burning problem of the reorganization of Europe on national lines, in so far as the wars and revolutions of the nineteenth century had not already brought about this reorganization by force.

Democracy itself did not lessen, but increased, these difficulties. I believe in democracy; I believe that true world democracy will in the future be the chief safeguard of peace and prosperity. But the separate democracies of the different competing nations before the war were the very objects and knew that they must necessarily be the first victims of defeat in economic competition. These separate and watertight democracies were therefore ideal hunting

grounds for nationalist scaremongers. And, besides, democracy gave an impetus to the disrupting idea of national self-determination. To make this easier, by old tradition in all European states it was more or less constitutional to keep from the democracy all real knowledge of international affairs.

Last, but not least, class-consciousness raised the whole question of the share of labor in the profits and dignity of work, a question which alone was sufficient to shake the social structure of Europe to its foundations.

On the other hand, the new constructive forces were no less in magnitude than these great problems. Allow me to mention some of these forces only: the increase in power of industry and transportation, the tightening web of world economy, the revolutionary onward rush of science, and the moral and spiritual vigor of the awakened masses, all ready to hand for anyone to use for constructive as well as for destructive purposes.

But the trouble was, the politicians did not care or did not know how to use these forces for constructive purposes and for the solution of the problems overhanging Europe. On the other hand, these problems and the dangers which they threatened, so long as they remained unsolved, were so patent that they resulted in an universal feeling of insecurity. And here, in this universal feeling of insecurity, I think we have the immediate cause of the great tragedy. For this universal sense of insecurity forced the politicians to find, or at least to pretend to find, solutions and remedies; and the remedies which they applied were Armaments, Imperialism, and Alliances. But it is an unfortunate fact that every one

of these remedies added new formidable dangers to those already threatening and, far from making the different countries really safe, could not even make them *feel* safe.

For, ladies and gentlemen, remember, please—did armaments make a country feel safe? Well, we all know what occurred everywhere every time an increase of the army or navy bill was contemplated by the government or considered desirable by the manufacturers of war materials—the eloquent speeches of ministers, the special articles and leaders of the newspapers and magazines, the activities of the self-constituted navy leagues. The talent and money expended on such occasions were quite remarkable. And all this money and energy spent on *frightening* the people! Did that make for a feeling of security? And what about the result, quite apart from the feeling? Could any amount of armaments ever give a country permanent security under modern circumstances? With five or six great powers almost equal in their capacity for increasing armaments, could the race ever be permanently won by any one of them? Even an empire surrounded by mere barbarians cannot make itself permanently safe by military force alone; Rome is there as an example. How much less a country competing with a number of other countries just as civilized, just as rich, just as highly organized, and just as frightened! The problem of security against a shifting balance of man-power, against aggression by other nations, against violence in the economic field, was indeed left entirely untouched by armaments. Or, rather, it was touched the wrong way; it became more of a problem, more diffi-

cult to solve, every time any nation went ahead with new armaments.

And now take the second solution or remedy: Imperialism. Did Imperialism make for safety? It professed to do so. It set out to secure markets and raw materials for a country by the use of its political or military force, of its land and sea power. It was the use of the mailed fist to promote economic success; but more often still to prevent the economic success of others, to rob them of their opportunities, to bar their growing population from the access to the markets or the raw materials which they needed. It was, in short, a mongrel growth of armaments and economic competition, "big business" backed by the big stick. Yes, certainly, it professed to give the masses economic security; but in reality it gave them the maximum of economic insecurity by putting them at the mercy not only of economic competition, but also of military and political violence, and by becoming increasingly a cause of international conflict. Wherever there was a market that seemed hopeful, as in China, or wherever there were raw materials that looked worth while, in Africa or Persia or Mesopotamia, not only the merchants and prospectors of the various countries appeared on the scene, but also the great powers themselves, trailing behind them their navies and armies and pointing their guns at each other, each trying, at the point of the sword, to exclude the others from the cake. For over thirty years, until the conclusion of the Entente in 1904, England and France, by this sort of Imperialism, were almost constantly on the verge of war—in Egypt, in the Far East, in Africa—and when France had settled with England, Imperialism

brought into conflict France and Germany in Morocco. Far from giving anyone economic safety, the Imperialism of the great powers—of France, of England, of Russia, of Germany, of Italy—was one of the principal causes of the catastrophe which wrecked European prosperity. Indeed, it was because both these remedies, Armaments and Imperialism, seemed inadequate, that the politicians increasingly tried a third, and proceeded to build up the great system of alliances, of secret treaties and “gentlemen’s agreements,” which, when the crash did come, made it universal.

Thus, all the great problems arising fundamentally out of the awakening of the masses and the growth of population were left untouched by the quack solutions and medicines of the politicians. Armaments, Imperialism, and Alliances only made matters worse. And if, therefore, the question of responsibility for the war is raised, if one can humanly hold anyone responsible for what finally happened, and if one must not attribute the disaster more to the weakness of human nature faced by problems of unmanageable magnitude, or to the fact that the forces making for a peaceful solution had not yet gathered sufficient strength, I think the responsibility must, in fairness, be said to rest with the men in high places everywhere in Europe who, instead of grappling with the fundamental facts and problems of the European situation, were satisfied with makeshifts which no one could reasonably trust. At any rate, when the catastrophe came, it struck Europe with all its great problems unsolved; and the devastation wrought by the disaster added new problems to the old.

This devastation was, of course, terrific. The com-

mittee constituted at Copenhagen to investigate the social effects of the war makes out a total of 35,000,000 lives lost in Europe :

In France	1,400,000	killed
and	1,500,000	lost by the decrease of the birth rate
In England	800,000	killed
and	850,000	lost by the decrease of the birth rate
In Italy	600,000	killed
and	1,400,000	lost by the decrease of the birth rate
In Russia	9,829,000	killed
and	20,000,000	lost by the decrease of the birth rate
In Germany	2,000,000	killed
and	3,600,000	lost by the decrease of the birth rate
and added to this	763,000	killed in Germany by the blockade during the war and after

I call your special attention to these 763,000—as many as England lost all through the war—because they were mostly women and children and old men, and a large proportion were killed after the fighting was over.

The destruction of property was not less appalling. In France 285,000 houses were destroyed and 400,000 damaged; over 3,000,000 acres of French soil were devastated; 2,400 kilometers of her main railway lines and 22,000 of her factories were destroyed.

Everybody who realizes this, and still more those who have seen the devastated areas in France, must feel deeply with the French people and also with Europe for the frightful injury inflicted on one of its richest provinces.

But unfortunately these French ruins are not the only wound on the fair face of Europe. Few people, I believe, realize the devastation of Poland which the Russian armies visited on that unfortunate country in their retreat. I witnessed that retreat and that destruction as they were in progress. Hundreds of miles of Russian front rolled back over the villages and cities, setting fire to each as it was evacuated, and leaving behind nothing but charred ruins. The sight of those flaming villages lighting up the horizon at night and standing like torches in the waving wheat fields of the Ukraine or lying like dead embers in all the glory of a Russian summer, will never be forgotten by those who saw it. And, worse still, tens of thousands of families, women, old men, and children were carried away from their homes by the Cossacks in their retreat, and then left, dying of exposure or of cholera, by the wayside. In 1915 the Lithuanian paper, *Pro Lithuania*, recorded that 4,500,000 Poles and Ukrainians had been driven by their own troops from their homes out into the wilderness. I have never heard that there was a protest entered by any one of the Allies against this devastation. I suppose it was considered part of the inevitable ruthlessness of war. But I am sorry; for the French case for reparations, which I have always advocated, would be stronger if France had protested at the time against the devastation of Poland by her great ally. At any rate, this immense devastated

region, stretching for hundreds and hundreds of miles from the Austrian and German frontiers right through Poland into Russia, is usually missing in the pictures of devastated Europe painted for the public; and yet it is one of the worst scars which the war has left on civilization.

So much for the loss of life and property. But this almost pales before the worst devastation wrought by the war; the *poisoning of the moral atmosphere*. Atrocities there always have been and always will be, in every war. War is not a clean business. Certainly, where individual atrocities occur they should be denounced. I never hesitated to denounce them myself when I had any suspicions against any of our own men. But, on the whole, I think that there were fewer atrocities on all sides than the world has been led to think. Human nature, after all, was not quite so black as it was painted. I myself was vaccinated against easy belief in atrocities very early in the war by an illuminating experience which I had right at the beginning in Prussia, when I was sent there with my brigade in September, 1914. When we got there, we were deafened by the accounts of the Russian atrocities: children shot in cold blood, women violated, men tortured, and—one of the most frequent tales—young boys kidnapped and forced by threats of death to enlist in the Russian army. As it seemed unbelievable that the Russians, who had more men in their own country than they could make use of, should seek out German boys for enlistment, I went into the matter; and in the end not one of the stories which we had heard could be proved to be true. On the contrary, the inquiry showed that, apart from the unavoidable cruelty of war and a distressing want

of cleanliness, the Russians during this first invasion of Prussia had behaved decently.

But it was not the perpetration of atrocities that created the atmosphere of hate: rather, this was studiously prepared by the denunciation of whole nations through well-organized propaganda. Immediately the war began, the war minister of one of the great powers involved told the journalists: "You are to be the sowers of hate." However, I do not wish it to seem as though I wanted to denounce other nations. I shall, therefore, mention only two examples of hate-propaganda taken from my own country: The silly "Song of Hate" of a mediocre German poet called Lissauer, and the extremely objectionable publication of one of our professors, Sombart, *Heroes and Shopkeepers*. I am glad to say that most of our soldiers at the front ridiculed and despised both.

I shall not dwell upon this subject: I do not want to spread any of this poison here. But I very much fear that, unless some great, almost superhuman moral effort is made by all the nations of the world, long after the villages of France and Poland have risen from their ruins, and long after the millions of the dead have become little more than heroic memories, the poison will still lurk in the air to warp and scar the souls of every new generation entering upon its career in the world.

With these tremendous problems of material and moral reconstruction added to those left over from before the war, the task of finding real remedies, not quack medicines, for the ills of Europe became imperatively urgent. I shall try, in my next lecture, to set forth how the statesmen who undertook this task

accomplished it. But allow me, before concluding this lecture to-night, to take a short glance at whatever new hope the war may have held out of solving these problems; at the new lessons it may have taught; at the new constructive forces it may have released.

The lessons and forces which sprang from the great changes of the nineteenth century I have already at least mentioned: the immensely increased power of production and transportation, the gradual tightening of the web of world economy, the driving power of science, the moral and spiritual forces called into being by the awakening of the masses. What did the war add to these?

First of all, in the economic field, the lessons of a great experiment: the experiment of withdrawing the supreme control of production and distribution from private enterprise and from the mere pursuit of individual profit and handing it over to a Council representing, on the Allied side, twenty-six states, with the purpose of adapting both production and distribution to the needs of the Allied peoples. The Supreme Economic Council of the Allies, controlling industries and shipping, may have been defective and irksome. But it certainly demonstrated one thing: that the international control of foodstuffs and raw materials and the international adjustment of their distribution to the needs of the different nations are at any rate possible.

Hardly less important was the lesson given by the coöperation of organized labor with the governments, both in Germany and on the Allied side. It proved not only that these great organized bodies of workers that had been growing up in the various trades had become a power which forced recognition,

but also that invaluable use can be made of them for intensifying and quickening work.

What bearings these two lessons may have on the great problems of Europe, we shall have to consider in a later lecture. But whatever we may then find, these bearings and all economic and social solutions will depend in the last resort on *the spirit of humanity*. And it is therefore to the spirit that we must look if we are to decide whether there are at present, or were when the war ceased, any serious hopes of a better world.

Now I think that nothing can strengthen these hopes more than the spirit of purest self-sacrifice with which hundreds of thousands on all sides went out to lay down their lives in what to them was a sacred cause. I wish to cite, as a particularly moving document of that spirit, the book of a young Frenchman killed in the war: *Lettres d'un Soldat*. I should like to add to these the memory of Rupert Brooke; and also the memory of one or two young prisoners with whom I had the privilege of speaking. Often when I have been moved to indignation by some particularly poisonous product of the propaganda of hate, I have thought of these splendid young Frenchmen or Englishmen, and the feeling has died away. Against the propaganda of hate we have to set this magnificent triumph of the idea of service. I doubt whether at any other time this triumph could have been so universal.

For this same idea of service was living, in all countries, also on the side opposed to war—in those courageous men and women who resisted it at the cost of their liberty, and even of their lives; in men and women such as the Quakers and conscientious

objectors in England; in strong individual personalities, such as Rosa Luxemburg and Theodore Liebknecht in Germany. Here was the idea of service, and also the promise of something new and real; of a moral revolt against the ancient law of blood, of an uncompromising stand for the rights of humanity.

And, indeed, in all countries this new spirit immediately took shape in remarkable poetry and literature. Again France—and I rejoice to say so—was in the front rank with men like Romain Rolland, Barbusse, and a whole bevy of young poets: Charles Vildrac, Pierre Jouve, Jules Romains. In Germany, all the younger writers and poets of any talent or account during and after the war were animated by this spirit. I do not wish to weary you by a list of names; but, just to give some idea, I will mention Latzko, Ernest Toller, René Schickele, Fritz von Unruh, Werfel, Johannes R. Becher, and a woman writer of great talent and still greater courage, Annette Kolb, who all through the war never ceased to protest against the crime being committed against humanity. This spirit became the very essence and the one common feature of the whole rising generation of German poets: the spirit of revolt against war, of an urgent longing for world peace and justice. For it is a remarkable fact that the German militarists and reactionaries, although they have their fair share of hotheaded youths, have not produced or won over a single poet of any account. That seems to show towards what goal the spirit of Germany is tending.

And, indeed, there can be no doubt that the spirit of peace is, and was when the war ended, the spirit of the masses in Germany. Germany has over ten

millions of organized workers, trade unionists, some of them Catholics, others Democrats, and others Socialists. With their families they represent very nearly half the population of the German Republic. Now, I have had a great deal to do with trade unions of all different shades of political opinion all over Germany; and I can say from personal experience, as well as from the published platforms of these unions, that they all hate militarism and are set on building up a world organized for permanent peace and against war. That is their idea now, and that was their idea long before the war was over. Not because they despaired of victory; but because they had learned to hate war and to set all their hopes on a firmly organized peace. And when the war was over, certainly almost 100 per cent of the German people had come over to their point of view. All those who have since laid down their lives for the Republic and for a new vision of Europe, men like Walter Rathenau and Haase, like Erzberger and Eisner and hundreds of others, were in being then and ready to coöperate. They were the best security for peace Europe has ever had, ready to work with whoever held out a hope of real appeasement. It was indeed a new Germany, in which the best of her past, the traditions of Goethe, of Kant, of the Humboldts, had risen to the surface and were waiting for their opportunity to lead the nation.

With similar men and forces in other countries, with the spirit of service so splendidly awake everywhere, with the lessons learned from the war, it was the greatest opportunity man has ever had for building up a splendid future. I shall try, in my next lecture, to set forth what was made of this opportunity.

But, whatever became of it, I wish we may never forget that the world has at least once, for one marvellous moment, been ready to sacrifice its selfish interests, to lay down its old hates, to accept peace and to organize a new world; and that the forces and ideas alive then are alive now, ready—if we only have the courage and the vision—to give humanity at last a real victory and a real peace.

LECTURE II

THE PEACEMAKERS AT WORK

IN my last lecture I spoke to you of the responsibility for the war, and laid the first and greatest responsibility on those who, instead of grappling with the fundamental problems of Europe, applied quack remedies: Armaments, Imperialism, and Alliances. To-night I am going to examine with you the Treaty of Versailles; of course, not all its clauses and details, but its principles, its spirit, and its effects—its effects on Germany and on Europe in general—leaving out, for treatment in later lectures, the question of Reparations and that of the League of Nations. I shall not, therefore, attempt this evening to give you a counterpart to the brilliant squibs fired off here on Friday night to illuminate the rather dismal question of Reparations: fireworks which, I do not doubt, although I was unfortunately deprived by another engagement from enjoying them, rivalled the “fairyl-land,” as I believe Mr. Philip Kerr called it, displayed on this same stage some nights earlier. And when, in due course, I reach this subject, I warn you that I shall not be able to rest contented with entertaining you by reading pleasant letters of touring ladies, but shall have to call your attention to such dull and unpleasant subjects as statistics and tuberculosis.¹

As the Treaty starts from the sole responsibility of

¹ The Abbé Dimnet had read and commented on a letter from an American lady in the Ruhr, stating that the population there was prosperous and the children well-fed and happy.

Germany, and bases upon this assertion a great many of its principal clauses, we must return for an instant to this question of responsibility. In fact, there are two assertions: first, that Germany was alone responsible for the war; and, second, that it planned and prepared for a world war, and then brought it about, in order to fulfill its criminal ambitions for world dominion.

Now, since the Treaty a good many documents have been published; and it is therefore not only interesting, but necessary, in order to judge the Treaty, to examine what part of these assertions they bear out.

Well, ladies and gentlemen, I am sorry to say that these documents seem to me to prove that the Imperial German Government, represented by the Emperor and the Chancellor, after the assassination of the Austrian heir-apparent by Serb conspirators, gave the Austrian Government a free hand to make war upon Serbia. Further, it stands to reason that the German Government knew, or should have known, that a war between Austria and Serbia would almost certainly bring Russia into the field, and by the workings of the existing machinery of alliances, involve also Germany itself and France. It is thus, I think, proved that the Imperial German Government secretly, and without taking any special guarantees, handed over the destinies of the German people, which they held in trust, to a mixed lot of Hungarians, Poles, and Czechs, to gamble with at their pleasure. This was, I hold, and my friends hold, an offense of the gravest nature against the German people. It would have been also, if the principle had been recognized, as it should be, that every European govern-

ment holds a duty to Europe, a very serious offense against Europe. And it was, from the point of view of those who think war as such iniquitous, an offense against this new and higher morality. The documents published by the Republican German Government, by the Austrian Republic, and by the Russian Soviet Government therefore prove that the Imperial German Government had a lamentable share in the responsibility for the outbreak of the war.

But they also prove beyond doubt that it was *not alone* responsible. For when the German Government, on the twenty-eighth of July, at last realized the immensity of its mistake and the imminence of war, it put forth the utmost resources of diplomacy to force Austria to accept its mediation, based on the proposals of Sir Edward Grey. I do not wish to weary you by reading long extracts from documents. I think you will permit me, however, to quote the following, which prove how the German Government, from this moment on, strained every nerve to avert the war.

On the twenty-eighth the German Emperor writes to the Chancellor:

After reading the Serbian answer [to the Austrian ultimatum] which I received this morning, I am convinced that the wishes of the Danube Monarchy [Austria] are, taking all in all, fulfilled. The few reservations which Serbia makes on certain points I think can be cleared up by negotiation, but the Serbian capitulation is thereby proclaimed *orbi et urbi*, and as a consequence of this *there is no more cause for war*. . . . In case Your Excellency agrees with this view, I propose to say to Austria: The retreat of Serbia (in a very humiliating fashion) has been enforced. We congratulate Austria. But of course there is, under such circumstances, no more reason for war.

On the same day, we see the Chancellor sending a dispatch to the German Ambassador at Vienna, telling him to urge Austria to give up its intransigence. Vienna remaining obdurate, the German Government speaks up louder. At three o'clock in the morning of the thirtieth, the Chancellor telegraphs to the German Ambassador, urging him to put still stronger pressure on the Austrian Government, and saying amongst other things:

We are ready to fulfill our duties as allies; but we *must refuse to let Vienna drag us frivolously and against our advice into a world war*. Please speak immediately with the greatest vigor and earnestness to Count Berchthold.

And on the evening of the same day (the thirtieth of July) the Chancellor again telegraphs to the Ambassador:

We can only *urgently press on Austria the acceptance of Grey's proposal* [that is, mediation], which safeguards its position in every way. I beg your Excellency to speak immediately with the greatest energy to Count Berchthold, and eventually also to Count Tisza.

These were secret documents, documents not intended for publication; and there can therefore be no doubt of their sincerity. However, in the meantime, something irretrievable that made war inevitable had been done—done by Russia. Before the last instructions of the German Chancellor could be carried out, the news of the general mobilization of the whole Russian army reached Berlin. We know now that this Russian *general* mobilization had already taken place secretly on July the twenty-ninth (René Puaux, *Les Études de la Guerre*, Vol. II, p. 134, based on an official communication of the Russian Government

of September 9, 1917). When this Russian general mobilization order was launched, Russia was well aware that Germany, with the help of England, was straining every nerve to get Austria to accept mediation. There had, moreover, never been any doubt in the Russian mind that mobilization was equivalent to a declaration of war. This had been explicitly laid down as a principle in the conversations between General de Boisdeffre and the Czar Alexander III, during the negotiations for the Franco-Russian alliance on August 18, 1892 (French Yellow Book on the Franco-Russian alliance, Document No. 71). Boisdeffre, on this occasion, added that to allow a million men to be mobilized on one's frontier without immediately mobilizing one's self meant giving up every possibility of security; it meant putting one's self in the situation of a man who, having a pistol in his pocket, would allow his neighbor to point a pistol at his head without drawing his own.

The Russian *general* mobilization was therefore looked upon by the Russian Government itself as tantamount to a declaration of war. And yet it mobilized. (The intrigues which brought this order about against the will of the Czar were disclosed in the trial of the Russian War Minister, General Suchomlinow.) It mobilized just when a gleam of hope was breaking through the war cloud, that the mediation of Germany, backed by England, might be successful in Vienna. The Russian Government thus took its place beside the German and the Austrian as one of those immediately responsible for the outbreak of the war.

I need not to-night examine the attitude of France and Great Britain, of which a good deal could be

said; for what I have adduced is sufficient to show that the assertion on which many of the clauses and the whole spirit of the Versailles Treaty are based—that Germany alone was responsible for the war—has already been disproved by unimpeachable documents.²

But these documents dispose also of another and still graver charge: of the charge that Germany intentionally brought about the world war, in order to satisfy her ambition for world dominion. If the Emperor and the Imperial German Government had wished for a world war; if they had cherished ambitions which could only be fulfilled through such a war; and if, as the Allies maintained, they had fully prepared for it, then they would presumably not have tried, as they did in the end, to prevent it.

What, then, were the real motives behind the actions of those who, as the documents now show, were principally and immediately responsible for the outbreak of the war: I mean Serbia, Austria, Germany, and Russia?

(1) Serbian politicians in their intrigues against Austria were actuated by two of the motives which

² But I should add to-day, as I have received letters putting the question, that the French Government gave itself considerably less trouble to restrain Russia than the German Government did, in the end, to restrain Austria; that it explicitly gave Russia a free hand against Austria, as Germany had given Austria a free hand against Serbia; and that Monsieur Viviani, the French Prime Minister, with undeniable bad faith, hid from France the fact, of which he was aware through a telegram of his Ambassador in Petersburg, Monsieur Paléologue, that Russia had ordered a *general* mobilization, thus giving the French people an entirely false view of the situation. This is quite of a parity with Bismarck's so-called falsification of the Ems dispatch.

I adduced in my last lecture as being at the bottom of the unrest in Europe in the last century: the necessity of securing for Serbia's growing population an outlet to the open sea and to foreign markets, and the compelling force of the movement for unity and self-determination of the Yugoslav nation.

(2) The Austrians in their action against Serbia, after the assassination of the Grand Duke, were actuated much less by revenge than by the fear of the disintegrating forces of self-determination which threatened the Austrian Empire. They thought a knock-out blow at the Serbs and some measure of diplomatic and military success for themselves and their army necessary to keep the various races together under the Austro-Hungarian Crown.

(3) The Germans saw, whether rightly or wrongly, in the alliance with Austria and the maintenance of Austria as a great power Germany's only security against the growing man-power of Russia. Their extreme imprudence in giving Austria a free hand against Serbia, without exacting any guarantee from the Austrian Government, can only be explained by their fear of losing an ally, and thus remaining isolated between Russia and France.

(4) The Russians feared that Austria, if she crushed Serbia, would cut off Russia from the Slav peoples of the Balkans, whom they considered as of their own kin, and close their outlet to the Mediterranean, which appeared to them vital for Russia's economic expansion.

Thus the motives which I stated in my last lecture materialized and became, through the agency of a certain number of politicians and intriguers, the causes of the downfall of Europe. I believe therefore

that Professor Gooch, of Balliol, Oxford, who has made a special study of these events and has had, I believe, access to the unpublished documents of the British Foreign Office, summarizes very fairly the whole situation when he says in his last article in the *Journal of the British Institute of International Affairs* for January:

The root of the evil lay in the division of Europe into two armed camps, which dated from 1871; and the conflict was the offspring of fear no less than of ambition. The Old World had degenerated into a powder-magazine, in which the dropping of a lighted match, whether by accident or design, was almost certain to produce a gigantic conflagration. No war, strictly speaking, is inevitable; but in a storehouse of high explosives it required rulers of exceptional foresight and self-control in every country to avoid a catastrophe. It is a mistake to imagine that the war took Europe unawares, for statesmen and soldiers alike had been expecting and preparing for it for many years. It is also a mistake to attribute exceptional wickedness to the Governments who, in the words of Mr. Lloyd George, "stumbled and staggered into war." Blind to danger and deaf to advice as were the statesmen of the three despotic Empires, not one of them, when it came to the point, desired to set the world alight. But though they may be acquitted of the supreme offense of deliberately starting the avalanche, they must bear the reproach of having chosen paths which led straight to the abyss. The outbreak of the Great War is the condemnation not only of the performers who strutted for a brief hour across the stage, but of the international anarchy which they inherited and which they did nothing to abate.

And these conclusions agree in a remarkable manner with those reached as early as 1916 by one who was to be one of the chief framers of the Peace

Treaty, President Wilson himself, who in his address at Cincinnati on October 26 of that year said :

Have you ever heard what started the present war? If you have, I wish you would publish it, because nobody else has, so far as I can gather. Nothing in particular started it, but everything in general. There had been growing up in Europe a mutual suspicion, an interchange of conjectures about what this Government and that Government was going to do, an interlacing of alliances and understandings, a complex web of intrigue and spying, that presently was sure to entangle the whole family of mankind on that side of the water in its meshes.

Both assertions on which the Treaty rests, that Germany was alone responsible for the war, and that she brought it about intentionally in order to achieve world-dominion, are therefore not only disproved by the documents, but have also been repudiated publicly by two of the principal authors of the Treaty, Mr. Lloyd George and President Wilson, and rejected by the considered judgment of the British expert foremost in the study of these events. So much for these charges. But even the proof absolute of their truth would leave untouched the principal objection: that if the Imperial German Government had been guilty of all the crimes charged against it, these crimes would have been committed without the knowledge or the consent of the German people, in breach of its trust, against its interests, criminally sacrificed by its rulers; and that therefore it would be just as absurd, as flagrantly unjust, to punish the German people for a crime of which it was itself the first and foremost victim.

And yet the Treaty was solemnly thus justified by

its framers, two out of three of whom had, or have since, publicly repudiated these charges. How is this to be explained?

I think a recent book, warmly recommended in his first lecture by my eminent French colleague, Canon Dimnet, a book which is to all intents and purposes a statement and defense of his policy by President Wilson himself, gives the explanation: I mean the book of Mr. Ray Stannard Baker, *Woodrow Wilson and World Settlement*.

This book sets out to prove, and does in fact prove, that there were two immovable foundations on which the Treaty had to be built: one officially and publicly acknowledged, "The Terms of Peace laid down in the President's Address to Congress of January 11, 1918 (the Fourteen Points), and the Principles of Settlement enunciated in his subsequent addresses"; and then a second set of foundations hidden to the public gaze, but just as immovable as the first: (1) the secret aims and ambitions of the Allies, embodied and disclosed by the secret treaties of whose existence Mr. Wilson, when he came to Paris, knew nothing; and (2) the fear by France of a German revenge, and its firm resolve, therefore, to separate Germany west of the Rhine from the rest—to get the Rhine frontier and not to allow Germany to recover, whether militarily, politically, or economically.

President Wilson's principles are so well known as to seem almost trite; they can be summarized in two words, self-determination and world-association—self-determination of each people and world-association of all the peoples. Self-determination means, in the words of the President himself, "that people are not to be bartered about from sovereignty to

sovereignty as if they were mere chattels or pawns of the game." "Every territorial settlement involved in the war must be made in the interests and for the benefit of the population concerned." "These are American principles," says President Wilson, "American policies. We could stand for no others."

French policy, on the other hand, as expressed in the secret agreement with Russia of March, 1917, was and always has been since then "the desire of France to secure for herself at the end of the present war the restoration of Alsace-Lorraine, and a special position in the valley of the River Saar, as well as to obtain the political separation from Germany of her trans-Rhenish districts and their organization on a separate basis in order that in future the River Rhine might form a permanent strategical frontier against German invasion"; and to this was added the idea of crippling Germany economically. Mr. Baker, who followed the Paris Conference on the spot, in close touch with President Wilson, says: "Every discussion where France was concerned got back to the question of French safety," and he adds, "The basic idea of crippling Germany permanently in an economic sense, as a guarantee of French security, lay deep underneath the struggle for the permanent control of the coal of the Saar, the permanent control of the Rhine frontier, and the weakening of Germany in the Silesian district." Whatever may be the justification of this French policy, it certainly was in strict contradiction to that of President Wilson.

Now, by the note of Secretary Lansing to the German Government of November 5, 1918, and by the acceptance of the German Government on November 11, the principles and terms of peace of President

Wilson had become part of a solemn agreement between the Allies and Germany; of an agreement just as solemn and just as binding on all parties as the treaty by which Germany in 1839 guaranteed the neutrality of Belgium. The difficulty thus arose, how to reconcile the immovable and set French policy with the principles of Mr. Wilson, solemnly agreed upon with Germany. It is but just to say that the President struggled for his principles manfully and even heroically. The account of the struggle in Mr. Baker's book has something of the deep emotion of Greek tragedy. It was, indeed, one of the great tragedies of history. But yet the Allies, and especially France, would not abate a jot from their secret aims and ambitions. It therefore became inevitable, if Mr. Wilson did not decide to leave the Conference, to bridge in some way the gulf between the American and the European conception of the peace; or, to put it explicitly, to find a plausible excuse for breaches of the solemn agreement concluded with Germany. And here appeared the saving grace of the sole guilt of Germany. When the German delegation at Versailles, in its reply to the draft of the Treaty, called the attention of the Allies to the fact that in a number of specific cases the "Fourteen Points and the Principles of Settlement enunciated by President Wilson in his subsequent addresses" had been violated, the Allies did not even deny the charge, but merely answered, in words which betray some excitement, that Germany had herself to thank, she alone being responsible for the war. And with a superior irony, worthy of Molière or Dean Swift, they went on to explain that the breach of their solemn word was the consequence of their strict application of the prin-

ciples of "Justice" (see note of the Allies of June 16, 1919).

It would, indeed, have been an impossibility to prove that the Fourteen Points of the President and his Principles of Settlement had not been violated. The breaches were too manifest.

It was part of President Wilson's policy, and therefore also of the agreement with Germany, that "every settlement in the war must be made in the interests and for the benefit of the population concerned," and, again, "that every question, whether of territory, of sovereignty, of economic arrangement, or of political relationship, must be settled upon the basis of a free acceptance of that settlement by the people concerned," and not upon the basis of the material interest or advantage of any other nation or people who may desire a different settlement for the sake of its own exterior influence of mastery. And yet by the Treaty of Versailles millions of Germans were transferred to other sovereignties, not by their free acceptance, which was not even asked, but merely for the material interest and advantage of other nations. No plebiscite was held, although the framers of the Treaty were perfectly aware that the people concerned did not wish to be torn from Germany, in Eupen and in Malmedy, which were handed over to Belgium; in Memel, which was set apart for some future barter; in Dantzig, an ancient and historic German city, with a larger proportion of purely German inhabitants than Berlin; in Western Prussia. Every one of these districts would have given a great majority for Germany if it had been asked. The framers of the Treaty knew this; and yet, in the face of President Wilson's principles, they

“bartered” them “from sovereignty to sovereignty, as if they were mere chattels or pawns of a game.”

The reason adduced for Dantzig and Western Prussia, the necessity of giving Poland a free access to the sea, was a very poor excuse. For in the case of Czecho-Slovakia, which is just as much in need of a free access to the sea as Poland, and indeed more so, being a more civilized and more highly developed industrial nation, the difficulty was solved without any transfer of population or territory by the internationalization of the Elbe and a free port under Czech administration in Hamburg; and the Vistula, which flows through Poland to Dantzig, is a river nearly a mile wide as high up as Warsaw, and could easily have been so canalized as to carry the sea up to the very Polish capital. This is what I myself, who was at the time German Minister to Poland, was prepared, on instructions of my government, to propose or to accept. A right of way on land, coupled with a railway neutralized and guaranteed by international agreement and a port on the Baltic next to Dantzig, under Polish sovereignty, could have completed the arrangement and given Poland a perfectly free and direct access to the sea. The Poles themselves would have been content with this. For Marshal Pilsudski, the Polish Chief of State, and a man who more than any other was responsible for the rebirth of Poland, when I spoke with him about Western Prussia, repeatedly made a point of asserting that Poland did not care about it, and that it did not seem to him in her interest that she should get it, although she might be forced to accept it if it were offered her by the Allies. Indeed, it was not the interest of Poland and not the necessity of securing for her a free access to the sea

that forced the framers of the Treaty to repudiate the principle of self-determination in the case of Western Prussia, but the interest of France and the policy of France of dismembering Germany by cutting off her eastern provinces and tearing out by the roots every possibility of a friendly understanding between her and Poland.

And just as poor were the reasons given for handing over the people of the Saar, which had at the time over 600,000 Germans and only 300 French inhabitants, to a foreign and practically French sovereignty for at least fifteen years. Article 45 of the Treaty alleges that this is done "as a compensation for the destruction of the coal mines in the north of France." But paragraph II of Annex V of the Reparations Settlement, in the same Treaty, magnificently ignores this and sets down that Germany, over and above the cession of the Saar mines, "shall supply to France every year a quantity of coal equal to the difference between the annual pre-war output of the destroyed mines in the north of France and their output in that year." So the losses of France are completely covered by these annual supplies which Germany has to deliver according to Paragraph II of Annex V of the Reparations Settlement, and the reason given for bartering away the Saar basin is candidly admitted to be a pretense. The real reason is set forth in the secret agreement with Russia, already quoted, of March, 1917, long before any of the mines of the north of France were destroyed; the purely annexationist desire of France to get the Saar and its coal.

But perhaps the worst crime of the Treaty against the right of self-determination is the barrier which it has set up between Austria and Germany, forbid-

ding these two peoples, who are one by race, one by language, one by sentiment, to use the right of self-determination and to unite. Of their wish so to unite and of the economic necessities behind this wish, there was and never could be any doubt. But here again it was the policy of France, afraid of the manpower of a united Germany, which stood in the way and forced the hands of the framers of the Treaty.

And, just as manifestly and for the same reason—that is, the set policy of France to dismember and crush Germany—did they depart from the principles laid down in President Wilson's third, fourth, and fourteenth points, and in the second point of his Mt. Vernon speech. These principles are:

(a) Equality of trade conditions among all nations consenting to the peace.

(b) Adequate guarantees given and taken that national armaments will be reduced to the lowest point consistent with domestic safety.

(c) That a general association of nations must be formed.

(d) That every question, whether of territory or sovereignty, or of economic arrangement, or of political relationship, shall be settled upon the basis of a free acceptance of the settlement by the people immediately concerned.

(a) Instead of equality in trade conditions, Germany was forced by Article 267 of the Treaty to concede to the Allies the most-favored-nation treatment, without reciprocity or compensation.

(b) Instead of the reduction of armaments all around to the lowest point consistent with domestic safety, Germany alone was disarmed, while her

neighbors, France and Poland, not only did not reduce their armaments, even back to the standard of 1913, but considerably increased them, and can therefore invade Germany (as France is doing now) at pleasure.

(c) Instead of a general League of Nations, which was part of the agreement of the Allies with Germany, the Allies founded an exclusive league amongst themselves and refused Germany's petition to be admitted.

(d) Instead of a treaty based on free acceptance, they forced upon the German people a treaty which they knew it never would agree to, save under the compulsion of overwhelming force.

Ladies and gentlemen, a gentleman has sent me a written question asking what, in the light of the treaties of Brest-Litovsk and Bucharest, I think the Imperial German Government would have done if they, and not the Allies, had been the victors. Well, I do not know; and it is of course possible that the terms of the Imperial Government would have been in a good many points just as harsh, and, if you will permit me to use the word, just as foolish as those of the Allies. But the Imperial German Government had not proclaimed to the world a set of principles worthy to rank with the Ten Commandments; they had not promised their soldiers who died for them to build upon these principles "a world fit for heroes to live in"; they had not embodied these principles in a solemn agreement with their enemies; and they could not, therefore, have committed the supreme blunder of resting the future peace of the world on a heap of broken promises.

I deliberately use the word "blunder," because I

think the effects of the Treaty have already shown that it is, as a whole, the most colossal misfit in history. There are parts of it, indeed, which are good. I think the affirmation of a League of Nations, however imperfect, a very important step in the right direction. I think Part XIII, relating to labor, and the institutions which through this part have gained world-wide acceptance, a great hope held out to the world for the future. But all these odds and ends of fine material are rendered almost valueless by the effects of the insincerity and unwisdom of the Treaty as a whole. These effects on the political, economic, and moral status of Europe can now, after four years, be pretty fairly judged.

Politically, they have made the greater part of Europe, to all practical intents and purposes, a dependency of France. Germany is under its heel. Poland, the states formed out of the fragments of the former Austro-Hungarian Empire, Roumania, and Serbia could not pay their way without French doles. Italy and the neutrals have not sufficient weight to counterbalance this great combination. England is outdistanced in the air and on land, and is unwilling to get mixed up in any quarrel in Europe. Russia is a dark horse, whose possible future performances no one can foretell, but which, to-day, is out of the running. So far, so good, for France. She has realized, whether she set out to do this or not, the dreams of Napoleon and Louis XIV.

But to set off against this are two or three facts less pleasing, even from the French point of view.

To begin with, France does not feel secure in her high position; she feels like someone standing on a

badly balanced pyramid; and she suffers greatly from this feeling.

Then, this political situation has led to an all-around increase of armaments. The outlay on armaments in Europe since 1913 has increased by 30 per cent; and there are 2,000,000 more soldiers under arms in Europe to-day than before the war, although the German and the Austrian armies have practically disappeared. The French Army and Navy bill has increased in proportion; and although France is in grave financial difficulties, as must be admitted, and cannot pay her debts to foreign countries, she is forced by her situation to bear a part of the expenditure on armaments of her allies and dependents—the Poles getting from her, a short time ago, 400,000,000 francs and the Jugoslavs 300,000,000 for this purpose. These millions are rather heavy clouds in the splendid sky of French political leadership.

For Europe, as a whole, of course, this combination of increasing expenditures on armaments and increasing intensity of national ambitions must mean, in the long run, disaster. In the meantime it is ruining her exchanges and spreading further and further confusion in her economic life. Mr. Wilson, when he was crossing to Europe, told one of his companions: "I am not much interested in economics." And unfortunately the Treaty has always subordinated vital and world-wide economic interests to narrow and passing political aspirations and ambitions. Thus has the economic organism of Europe been shattered. Germany, which was the backbone of European economy, is not only dismembered, but dismembered with the set purpose of destroying her economic capacity. And the rest of Europe has been

“Balkanized”—big states like Russia and Austria broken up, and small new states left free to impose tariffs at their pleasure, to draw new economic frontiers through districts which are one economically and formerly could only flourish through close co-operation; thus the markets of central Europe have been ruined, their buying power carefully and ingeniously destroyed. The results of all this are now visible. Great Britain and the neutrals, who are urgently in need of selling, can find no buyers; and the Germans and Russians, who just as urgently need to buy, cannot find the money with which to pay for the necessities of life. Europe has been divided by a great gulf; on one side of the gulf are the millions of unemployed, and on the other, millions of men, women, and children half-starved for the necessities which the work of the unemployed could easily produce. But over this deep rift there is no bridge allowing both sides to come together and coöperate for their common welfare; the Treaty stands between them, a cold, transparent mass, like a great plate glass window, through which they can see each other’s misery, but cannot reach hands.

And now, how about the *moral* effects? Has the Treaty contributed to clearing the atmosphere of hate left by the war? Has it brought the former enemies together? Is there less enmity between France and Germany now than in 1919? Is there closer friendship between France and Great Britain? Have the forces making for better understanding between nations gained or lost by the Treaty? I leave the answer to you.

Ladies and gentlemen, even this necessarily short

and summary survey of the effects of the Treaty will allow us to compare what were the necessities of Europe, and what the Treaty has given her. In my last lecture I set before you the problems of Europe before the war and at the Armistice; and we took stock of the lessons and forces which were right at hand for those who would earnestly endeavor to solve these problems. And now, I ask you: were any of these lessons taken to heart, or any of these forces harnessed by the framers of the Treaty? Did they solve any of the old or new problems of Europe? Did they give any measure of security to the growing nations of Europe for their increasing needs of raw material and foodstuffs? Are the expressions of European Nationalism less heated to-day than they were then, or are they still more feverish? Has Militarism been subdued or Imperialism abated or the web of military alliances done away with? Is capital more secure or labor more contented? Has even the League of Nations, the best part of the Treaty, organized Europe so that the shifting balance of manpower and the conflicting interests of rival democracies no longer endanger its peace? Is the feeling of security in Europe since the Treaty on the decrease or on the increase? The answers to these questions are what the Treaty must be judged by. And I am sorry to say that these answers are all to the same effect: not one of the great problems threatening European civilization was solved at Versailles. Everything was sacrificed to the security of France; or rather to the imaginary and hopelessly false idea her generals and potentates had of her security. That security—for which I have a full sympathy, to which I think France is, not only by her suffering, not only

by her immortal contributions to the civilization of mankind, but purely and simply as a nation amongst other nations, fully entitled—can only be established on the prosperity and security of Europe. With this general prosperity and security the Treaty is incompatible. The Treaty, therefore,—and that is, I think, the growing conviction of almost every thinking statesman or economist in Europe,—must be fundamentally revised if the world is to become a fit place to live in. For this Treaty is not only the greatest misfit in history: it is also the heaviest stone ever rolled on the tomb of the shattered hopes of a whole generation.

LECTURE III

THE FRUITS OF VERSAILLES

ON the last occasion on which I spoke to you I examined the Treaty of Versailles and some of its effects on Europe. To-day I must dwell a little longer on its effects on Germany.

Germany before the war was not merely so much territory, inhabited by so many millions of human beings: it was also an intricate system, a highly complex and interdependent organism, something like a huge factory, with a liberal expanse of farm land attached to it from which it drew the greater part of the foodstuffs for its workers; with its own mines for ore and coal and zinc and potash; with a highly developed system of river and canal transportation; with a great merchant marine carrying its products to all parts of the world. Two of the main items which made this great factory increasingly prosperous were: (1) the abundant supply of labor, a healthy, highly trained, growing population, which gave it industrial man-power adapting itself step by step to its expansion, and (2) the income from its carrying trade for foreign countries, from its foreign investments, and its overseas possessions, which allowed it delicately to balance outlay and income so as to leave a handsome profit. And to these essential features of this great economic organism must be added, as a further and most vital factor, the almost unlimited resources upon which it could draw through its credit. The exact total of its yearly surplus cannot be established. But, including the income

from the carrying trade and from foreign investments, it was estimated for 1913 at about one billion gold marks, or \$250,000,000. That was the balance sheet of the factory. There were in 1914 only two other organisms of the same type and magnitude, the United States and Great Britain. And before the nineteenth century, nothing at all similar to it had ever existed, except, perhaps—although we can only dimly discern its economic structure—the Roman Empire.

Now, this finely balanced, immense, but delicate economic organism of Germany, the Treaty set out to destroy. I beg you to believe that I say this without any moral indignation. I think it morally inexcusable to sign an international agreement and then to tear it up like a scrap of paper. Germany committed an offense against public morals in invading Belgium. And the Allies did the same when they violated their commitment to base the peace on the principles of President Wilson. But, apart from this, it was a right, conferred on them by the usages of war and by their victory, to break the economic power of Germany. And it is not, therefore, with a wish to hold up the Allies or France to moral reprobation that I am going to examine with you the means by which they carried out the “basic idea of crippling Germany permanently in an economic sense,” which Mr. Baker ascribes in a special measure to the French treaty-makers.¹ But it is necessary that we should be able to judge for ourselves in what measure Germany’s economic organism was, as a matter of fact, actually crippled.

¹ Ray Stannard Baker, *Woodrow Wilson and World Settlement*.

Germany's prosperity depended, as I have stated, on a very delicate balance among territory, meaning food supplies; population, meaning industrial manpower; a large supply of certain vital raw materials, such as coal and iron; a highly developed and unified system of transportation; and the income from her ocean shipping, her foreign investments, her overseas possessions, and the resources which she could draw upon through her credit. Now, every one of the limbs of this closely knit organism, welded together through the unremitting industry and research of generations, was laid on the conference table at Paris and carefully dissected or destroyed.

Thirteen per cent, or one-eighth, was cut away from the surface of Germany. The territory which she lost (7,000,000 hectares, about 17,000,000 acres) is equal in size to more than the whole of Belgium and Holland. Moreover, these vast stretches of country happened to contain some of her richest agricultural districts and some of her most valuable coal mines and ore deposits. The loss thus diminished Germany's already insufficient food supplies and turned her out of a coal-exporting into a coal-importing country. She lost 26 per cent of her coal, 74.5 per cent of her iron ore, and 68 per cent of her zinc. As to food supplies, she lost nearly 20 per cent of her potato crop, 18 per cent of her rye crop, and 12 per cent of her wheat crop, in losing only 10 per cent of her population; so that she became even less self-supporting than she was before. However, her loss in population was also extremely severe: six and a half million inhabitants, as many as the whole population of Sweden.

Besides this, she had to hand over to the Allies

8,000 locomotives and over 230,000 railroad cars, thus for a long time crippling her railways and transportation.

Furthermore, she lost almost her whole merchant marine, 5,110,000 tons out of 5,710,000, leaving her only about 600,000 tons.

All her foreign investments in the Allied countries, totalling 11,740,000,000 gold marks—that is, nearly \$3,000,000,000—were sequestered, a confiscation that not only deprived her of her capital, but also put almost insuperable difficulties in the way of taking up her foreign trade again. Those and other measures—above all, the claims and rights of the Reparations Settlement, of which I shall have to speak at length later—dealt a death blow to her credit, which for her, as for every great industrial concern, was her very life-blood.

And lastly, she lost all her overseas possessions and with them the possibility of getting certain basic raw materials without having to fear embargoes and export duties imposed against her by other countries.

What was left was, as has been said, nothing but a torso, the slashed and battered trunk of what once had been the third most powerful wealth-producing organism in the world.

It is but just to say that this mangled and stricken trunk at once began to show signs of an astounding vitality. Later on, I shall perhaps have to make some remarks not altogether flattering to the captains of German industry. But when disaster overtook the great organism which they worked, they certainly rose to the occasion with an energy and an ability altogether remarkable. And I think it would be un-

just to say that this was only for the purpose of personal profit. In some more or less dim shape the idea of service, which we have already met elsewhere, was at work in these also. These German captains of industry are rarely the owners of their works; often nothing but their leading technicians. Many of them have risen from the ranks and have never become, even after long and successful careers, mere capitalists. With a jealousy and harshness which sometimes borders on fanaticism, their eyes are centered on the big factory which they have nursed into greatness, and to which they have devoted their lives. Some of them, even at the height of their careers, look more like trade-union officials or well-to-do laborers than like millionaires. They do not play golf! They do not care much for the pleasures and refinements of life. They do not even care much for money, looking on it but as a sort of concentrated fuel with which to set new furnaces ablaze. I almost suspect that you must have some men of that type here in America; but I have not met many of them anywhere else. However that may be, certainly nobody can understand Germany who does not keep that type in mind: the man who thinks he is doing public service by administering some great factory, who performs that service with stubborn jealousy and energy and does not care much what else happens in the world. Well, these men set to work in the factories, in the banks, in trade, in the great shipping companies; and if the economic organism of Germany, diminished, bled white, half inanimate, has been kept alive, it has been in great part due to them. They were fighting against tremendous odds; yet they stuck to their guns.

Likewise, the trade unions, to which practically the whole industrial population in Germany belongs, set out to reorganize what remained of German industrial man-power and to get it to work, on a basis of greater freedom and dignity; and also with the idea, at least in the leaders, of public service. On many points the trade unions were bitterly opposed to the magnates of industry; but on one point they were at one: that the industrial and economic life of Germany must be saved. It was this double driving power of the captains of industry and of the leaders of trade unions which almost miraculously kept alive and reconstituted the shattered body of German industry.

The money which, by the Treaty of Versailles, the German Government was obliged to pay to the great industries and shipowners for the property taken from them by the Allies was immediately employed in replacing, so far as possible, what had been lost—in reconstructing on a narrower basis a new economic organism. The steel works lost in Lorraine were partly built up again in the Rhine lands and the Ruhr. The mercantile marine, which was necessary to Germany to save foreign freight rates in foreign currency, was partly rebuilt. Certain foreign observers hold up their hands in horror at Germany and the German industrials, because they see them doing this. They argue that Germany and her magnates, if they have the money to build new factories and new ships, should give that money for reparations. I have read some very fine and—I believe you use the word—“snappy” articles about this in American magazines, not so very long ago. Well, ladies and gentlemen, if I had a debtor who owed me

a hundred thousand dollars and who owned a farm that was half burned down, without the necessary stock and implements for tilling the ground or harvesting the wheat, I had rather see him put \$10,000 into rebuilding his stables and buying the necessary outfit than give me the dollars in cash on the table. If he paid me \$10,000 with the only capital he had to rebuild his farm, I should know that I was out of pocket by \$90,000. But if with \$10,000 he restocked his farm and bought the necessary implements, I should have a reasonable hope, in the course of time, of getting back a good deal more than he could pay me now. So I do not quite see the point of these magazine articles, except that they make good reading and are undoubtedly profitable to those who write them.

But in the case of these German industrials, there is something else to say; and that is, they are paying for this new plant, these new buildings and new ships, with paper marks, which would not be much good to the Allies except in the precise form into which they are converting them: that is, transformed into buildings and plants which at least represent a real value, which is, moreover, subject to the general mortgage laid on all public and private German property by the Treaty of Versailles!

However, in this picture of the reconstruction of the German economic organism there is one deep shadow; that is, the *inflation* which has been progressing side by side with this rebuilding. Inflation was an almost inevitable effect of the war in all European countries—in England and France and Italy, just as truly as in Germany and Austria. It

was impossible, or at least psychologically impossible, to pay the immense expenses of the war by taxation and direct borrowing; so that all countries took refuge in that secret and indirect borrowing through the paper press, which is called inflation. Germany had inflated like the rest: and when the war ended her currency was depreciated to roughly the same level as that of France.

Now she found herself without food or raw materials, without credit, without foreign investments, with a huge deficit, with millions of discharged soldiers and unemployed on her hands, and with a passive balance of trade, which did not give her enough foreign money to buy the foreign food and raw materials which she urgently needed. So she went on printing and inflating—first for her own consumption, to cover her deficit and pay out doles to the soldiers and unemployed (her choice lay between inflation and revolution: that is, communism); but then also for export, in order to buy the foreign money which her trade balance did not supply—the foreign money to pay for foreign foodstuffs and raw materials. As the foreigner would not buy her goods, she had to sell him marks, which he liked and wanted for a gamble. And then, later, when she was saddled with the reparations, she had to print still more for export, to buy gold for the Allies; and more also for home consumption, to pay her manufacturers for deliveries in kind to the Allies. Her huge deficit and her unfavorable balance of trade, both caused in great measure by the reparations payments in gold and in kind, account amply for such an immense mass of inflation; so that I think it unnecessary to imagine as an added cause some particular wickedness of the

German Government, bent on ruining its creditors at home and abroad by intentionally ruining itself. If it had intentionally depreciated its currency in order to put the Allied ministers of finance in a fix, it would have been remarkably like the boy who cut off his nose to spite his father. François-Poncet, the director of the Société d'Études of the great French steel trust, the Comité des Forges, in his preface to a very thorough inquiry instituted into German economic conditions by that body, very rightly says: "To believe that Germany has depreciated and hastened the depreciation of her currency in order to escape ruin, is to credit her with an absurd idea." (*Une Enquête en Allemagne*, by Max Hirsch, page xii.) So I think I can leave the gentlemen who want to make our flesh creep with the wickedness of the Wirth and Cuno governments, in the pleasant company of the fat boy in *Pickwick*.

But there are other critics who assert that the deficit in the German budget could be covered by sterner taxation and that the German balance of trade is no longer passive. These latter maintain that a large proportion of the price paid by foreigners for German goods does not appear in the balance sheet; that German manufacturers are putting away this part in foreign banks, with the purpose of hiding it. And on this theory is based the assertion that Germany, or at least the German magnates, possess huge fortunes outside Germany, which would go a long way towards paying off the reparations. Sums up to 30,000,000,000 gold marks have been mentioned. Now, as the total of the German investments sequestered during the war in the Allied countries amounted to less than 12,000,000,000 gold marks, and this repre-

sented the accumulation of several generations, it does not seem very likely that, in the four years after the war, the German magnates, however prosperous, could have accumulated more than the whole of Germany at the height of her prosperity during half a century. I think therefore we may dismiss sums of this magnitude as entirely fantastic. Foreign observers, who have some claim to be taken seriously, have stated sums of a very different order. Mr. Reginald McKenna, the former Chancellor of the Exchequer, estimates the German holdings in foreign countries at about 200,000,000 pounds, or \$800,000,000; Sir Robert Horne, another former Chancellor, put it, if I am not mistaken, at something like \$400,000,000; and Mr. Thelwall, the commercial attaché of the British Embassy in Berlin, whose report on economic and financial conditions in Germany, dated March, 1923, has been recently published as a White Book by the British Government, reverts to the figure of Mr. McKenna—that is, \$800,000,000, or 4,000,000,000 gold marks. However, these are mere estimates which can be proved or disproved only by impartial investigation through experts, such as Secretary Hughes has proposed. The German Government, as you know, has accepted this proposition and offered to give the commission every facility for gathering information, and even for investigating its own books and the books of the great private business concerns. This is the proposal before the Allies at the present moment. I shall revert to it in a later lecture. But what I should like to say to-day is that the truth about the depreciation of the German currency will probably never be found except by such a commission, which M. Poincaré seems to dread.

Whatever the truth about this may be, the effect of the rapid fall of the mark on German industry and German life has been, as everybody knows, profound and almost wholly disastrous.

In a certain measure inflation, of course, helped Germany to recover. The depreciation of the mark meant cheap labor; and so, while the mark kept falling and wages did not rise in proportion, Germany could undersell other countries with less depreciated currencies. This acted as a powerful stimulant. But even for the manufacturers themselves, this stimulant contained a grave danger. Hoschiller, the very able investigator sent to Germany by the Comité des Forges, points out this fact in the report to which I have already referred. The depreciation cuts the manufacturers' costs, but it also cuts their capital; it peels it down so ruthlessly that soon little will be left. The shares of the Harpener Coal Mining Company, one of the most powerful in Germany, were worth \$400 in 1914, and were quoted at only \$42 in August, 1922. You could buy a thousandth part of the Gelsenmirehener Coal Mines for \$6,000 in 1922, whereas you had to pay \$80,000 for it in 1914. The same test, applied to the A. E. G., the greatest electrical company in Germany, shows that a thousandth part of its shares was worth \$85,000 in 1914 and only \$7,000 in 1922. Or, taking the greatest German bank, the Deutsche Bank, you find that the difference is \$120,000 in 1914 and \$8,000 in 1922. The total value of the capital of all the limited liabilities companies in Germany was worth 31,000,000,000 gold marks, or a little over seven and a half billion dollars, in 1914, and only a little over one billion dollars in December, 1922—six and a half billion dollars, or

six-sevenths of their capital, had been wiped away by the depreciation of the mark. The great structure which the German captains of industry have been running up after the war to replace the old economic organism of Germany may have to stop working for want of funds. Thus the passing economic advantage of inflation to German industry, the cheapening of labor, is more than counterbalanced by the permanent injury which industry has suffered through the mortal shrinkage of its capital.

For the great majority of the German people the depreciation of the mark has no bright side at all; to them it is nothing but a tragedy, unrelieved by a single bright spot. The German middle class, the professional men, the people living on fixed incomes, have been entirely swept off their feet by the rising tide of paper; they are all now hopelessly struggling in the waves. The small accumulations of capital, just a few hundred thousand marks each, on which the family had lived, perhaps for generations, and managed to develop a tradition of learning and service, have vanished. This whole large and vital class has been economically guillotined. The German economic revolution has been as sweeping as the Russian. No Soviet could have wiped out the middle class more thoroughly than inflation has done it in Germany. No less than 10 per cent to 20 per cent of the medical profession in Munich are in receipt of unemployment doles. But the passing of the middle class is even more strikingly illustrated by the life of the students, who are the sons of that middle class and the bearers of its traditions. More than 60 per cent of all German students have to work for their living; 12 per cent of the students in Leipzig in the summer

term of 1922 had to work eight hours a day besides studying. In the summer recess of 1921 ten thousand students went to work in factories, mines, and as farm laborers; in the summer recess of 1922 this figure had risen to sixty thousand German students who were then taking up some sort of job in order to be able to study again through the winter. That was more than half the total of all German students.

So much for the destruction of capital. Now, how about wages and their relation to the cost of living? In January, 1923, the cost of living for a family of five in Berlin was 1,120 times the cost in 1913, including rent, which has dropped to an almost nominal value. The cost of food had actually risen to 1,366 times its cost in 1913. As against this, the wages of an unskilled laborer in Berlin had risen only 888 times, those of a skilled laborer 643 times, the salary of a lower official 702 times, that of a subordinate official 463 times, and that of a high official 373 times. In March, 1923, the salary of a high official in Berlin amounted only to 180 gold marks a month—that is, \$45, or 29 per cent of what he got in 1913.

In consequence Berlin, which consumed 1,200,000 liters of milk a day before the war, in February, 1923, could afford only 300,000; while 600,000 is the minimum necessary if children, mothers, and invalids are to get their full rations. Germany as a whole consumed 133 liters of milk per head of the population in 1913, but only 85 liters in 1922. The same shrinkage is evident in all other foodstuffs, bread, potatoes, coffee, etc. The consumption of meat has dropped from 49 kilos a head a year in 1913 to 33 kilos in 1921, a shrinkage of 32½ per cent. The only rise is in the consumption of horses and dogs: the number of

horses slaughtered has risen from 153,564 in 1913 to 240,081 in 1922, and the rise in dogs is still more remarkable, from 7,346 in 1913 to 13,595 in 1922, a rise of 185 per cent. The consumption of bread has fallen from 249 kilos in 1913-1914 to 181 in 1921-1922, a shrinkage of 27 per cent; potatoes have dropped from 700 kilos in 1913-1914 to 343 kilos in 1921-1922, a shrinkage of 51 per cent; and coffee, which is considered a necessary of life by the masses in Germany, as tea is in England, from 2.44 kilos in 1913 to 1.70 kilos in 1921, while the consumption of coffee in France in the same time has risen from 2.91 kilos to 3.52, and in the United States from 4 kilos to nearly 5½. And the same shrinkage which is apparent in foodstuffs is seen also in textiles and clothing. Investigation in a Berlin school showed that, out of 605 children, more than half were wearing no shirts. The prices of clothing are prohibitive for the great mass of people. When their clothes or their linen or their bedclothes are worn out, they cannot afford to buy new ones, and they have to go without. It is quite the usual thing, when one goes into a small German home, to find the children without shirts and the beds without any covering. A gentleman who has been spreading a great deal of misinformation based on malevolence in a weekly American journal—a gentleman whose name, I believe, is Garrett and who knows so little about Germany that he mistakes the statue of the old Emperor William, representing a man of ninety, for the statue of the last German Emperor, and begins from this a brilliant onslaught on the German Republic—this same gentleman has had the sorry courage to laugh at the German baby wrapped in a newspaper. Well, I will pay this gentle-

man the compliment of believing that he has really never seen one of these unfortunate little children for whom their family cannot afford linen and whose bodies are covered with ulcers; for if he had seen one I think that even his malevolence would have recoiled from making a joke at its expense.

The consequences of this dearth of food and clothing—and, I may add also, of heating and housing, although I do not want to keep you longer with figures—are visible in the health statistics. Fifty per cent of the children in German schools are undernourished in the technical sense of the word; that is, they are semi-starved. The deaths from tuberculosis per thousand of the population have risen from 15.68 in 1913 to 18.33 in 1922 in Berlin, and they are still rising. As a comparison, I should like to say that in London only 12.4 per thousand died of tuberculosis in 1922. In the town of Recklinghausen, in 1920, out of 23,000 children examined 20 per cent had rickets, 30 per cent tuberculosis, and from 80 to 90 per cent scrofula. In Solingen, the great steel city, more than one-third of all the children entering school were found to be tuberculous. I could go on adding to this list of German statistics, but I think I have said enough to show you the real state of Germany. No letters written by casual observers can change these stern facts of death and sickness. And to corroborate them we have the statistics of despair, as shown in the suicides. In Germany for every hundred thousand inhabitants there were, in 1918, 15.7 suicides; in 1919, 18.4, and in 1920, 21.7.

And this brings us to the moral side of the destitution, the moral havoc wrought on Germany by the loss of her economic basis, by the shrinkage of her

supplies, and by the depreciation of her currency. Thrift has entirely disappeared. Nobody in Germany thinks of putting by any money; and the savings of former times are being dissipated, because it is better to spend them than to leave them to shrink in a bank. Mr. Thelwall, the British Commercial Attaché, in the report to which I have already referred, says that the total savings banks deposits in Germany—that is, the total saved-up capital of the middle class and the wage-earning classes—was worth £965,686,000 in 1913; and that in June, 1922, it was worth only £31,963,000. Family life has been broken up. All, even children, have to try to manage for themselves if they do not want to starve. Speculation and the whole moral deterioration connected with it have penetrated all classes. What the German people is faced with is not only physical, but also intellectual and moral, degradation. What, in Germany, meets the eye of anybody who can see is the tragedy of a people striving almost against hope for its very life—not only its physical, but also its intellectual and moral, life.

My conclusion is that Germany is a sick nation, gripped by two mortal diseases, the destruction of its economic organism and the corruption of its currency; but that if these two diseases are cured in time, it will probably recover not to its former strength, but to be a healthy member of the great family of industrious nations. If, however, these diseases are not cured in time (and time is rapidly running out), Germany's disintegration will weigh on the future of European civilization with a weight which it may not be able to bear. What Germany is struggling for is to avert this European catastrophe.

LECTURE IV

“SECURITY”

I HAVE received a question from a lady who has asked me to explain how it is that in Berlin and other German cities one sees people spending heaps of money while the situation is such as I described in my last lecture. Well, the explanation usually given is that a great many of these people who are having a good time are foreigners spending foreign money, and I think this rightly accounts for a part of what one sees. But I think there is a much more serious explanation: which is, that these people who are spending their money are spending it because, having earned a sum of paper marks, they do not know what to do with them, and try to spend them as quickly as possible before they depreciate. It is no good putting them in a bank, where they would melt away like a heap of snow. The difference between what you see in Berlin and in New York—between the luxury and extravagance you see there, and the sort of prosperous extravagance you see here or in London—is the difference between the steady light of an electric lamp and the sparks and flames of a burning fire. It would not be an accurate description if a traveller, having chanced on a burning city, were to write home that he had seen the town brilliantly illuminated.

To-day and in my next lecture I am going to speak to you about reparations and security. The subject is one of exceptional gravity and also of exceptional complexity and magnitude. I do not think it is an overstatement to say that no graver question has con-

fronted Europe since the fall of the Roman Empire; for now, as then, the existence of European civilization hangs in the balance. And the complexity and magnitude of the problems involved is such that I shall hardly be able in the short time at our disposal to give you more than a bird's-eye view of that intricate and precipitous system of problems, policies, and passions which have come to be summarized under these two words, “Security” and “Reparations.” But if we can clearly see some general lines, they may at least guide us as a chart when we have, day by day, to thread this bewildering maze.

The bedrock of this mountain range of problems, the deep underlying stratum, as immovable as the earth itself, is the question of “Security,” rising out of French fear of Germany. Looking back for almost two thousand years, one must recognize that this French attitude to the Teuton is one of the great permanent moving forces of European history. Through all the changes of European civilization and political organization, it has always, with but few intervals, been there, sometimes visibly active, sometimes only rumbling underground, hidden away under other more superficial, more highly colored motives. After the dark centuries, when the whole of Europe was one great battlefield, with never-ending streams of peoples sweeping down from the north and east over France; after the Empire of Charlemagne, which for over a century welded together in one empire the Teuton and the Frank, the Holy Roman Empire, the great mediæval structure which the Teutonic emperors erected on the ruins of Rome, became the danger against which the French Monarchy first solidified France. The struggle between

France and the Empire, or the House of Austria, lasted with intervals from the thirteenth to the nineteenth century, and ended then only to take on a new shape in the struggle between France and Prussia, which had in the meantime won the leadership of Germany.

But if this French fear of Germany is one of the great permanent forces of European history, it is also a great recurring fact that this volcanic force of French fear has regularly, whenever opportunity arose, turned into active attempts to dominate and dismember Germany. Every great French ruler since the fifteenth century has reached out to grasp the German imperial crown. Charles VIII, Francis I, Henry IV, Louis XIV spent vast sums of money and a great deal of French blood in striving for the German crown. Richelieu's leading principles in all that he did were the disintegration of Germany and the conclusion of military alliances with subordinate German states, or with any other nation able and willing to threaten or attack Germany. The Revolution almost immediately took up the traditions of Richelieu and the French Monarchy. The Girondins in 1792 demanded:

(1) "The Extension of France to the frontiers commanded by nature" (meaning the Rhine); and

(2) "Beyond, a belt of federative republics." Napoleon carried out the policy of the Revolution; he was, as I think Taine has finely said, "the Revolution on horseback." Successful for a time, his scheme of dismembering and dominating Germany in the interests of France was finally defeated at Waterloo. But Waterloo was still in the memory of living men when his nephew, Napoleon III, took up this scheme

again, and in 1866, just before the Austro-Prussian War, signed a secret treaty with Austria, stipulating that there should be an independent Rhineland entirely separated politically from the rest of Germany, so as to give room for French influence. Even after the Austrian defeat, his consort, the Empress Eugénie, wrote to the Austrian Ambassador at Paris, Prince Metternich: “France, if once it is touched by the idea of the Rhine, believe me, will follow it out.” Nothing daunted by the Austrian defeat, her husband, the French Emperor, founded, in 1869, a triple alliance with Austria and Italy, which was to have secured for him the Rhine if he had won in 1870. Indeed, it was this intriguing of Napoleon for a foothold on the Rhine and for possession of German territory which finally induced Bismarck, who had formerly been decried as a “Bonapartist,” to head for a war with France. This policy of France, for two hundred years, from the beginning of the seventeenth to the nineteenth century, made Germany the maneuvering ground of the French army, the first great standing army on the European continent. Invasion followed invasion—in the Thirty Years’ War, in the Wars of Louis XIV, in the Seven Years’ War, in the Wars of the French Revolution, in those of Napoleon.

After 1870, of course, there was a lull; but this same policy of dismembering and dominating Germany reappeared immediately France felt, in the World War, that there was a ray of hope. The French Government had not yet returned to Paris from Bordeaux, whither it had fled before the German menace to Paris, when, on November 23, 1914, the French Ambassador in Petrograd was able to report to the French Foreign Minister at Bordeaux that the

Czar had agreed to let France have, as the price of victory, not only Alsace-Lorraine, but also the Rhine provinces. In the secret agreement between France and Russia, February-March, 1917, which we have already had to mention, France obtained, besides Alsace-Lorraine, a "special position in the Valley of the Saar," and "the political separation from Germany of the Trans-Rhenish districts and their organization on a separate basis, in order that in the future the River Rhine may form a permanent strategical frontier against Germanic invasion." On January 12, 1917, the French Premier, M. Briand, instructed the French Ambassador in *London* to claim the Rhine frontier, "with which were bound up the oldest traditions of French national policy, which she claimed as the lost inheritance of the French Revolution, and which already Richelieu had proclaimed to be indispensable to the rounding off of French territory." Thus, the French Prime Minister himself pointed to the continuity of French policy, the intimate connection between the policy of France in the Great War and the policy of France in the time of Richelieu.

Then came the Fourteen Points and the Principles of Settlement of Mr. Wilson. But the signatures were hardly dry beneath the Armistice when, on November 29, 1918, the French Ambassador in Washington communicated to the United States Government the claims of France, and, as the first and foremost of these, "the dissociation of the countries which compose Germany," and, in order to achieve this result, "its interest in favoring Federalism in Germany." This document was followed up by a memorandum of General Foch, of January 10, 1919, demanding

that “henceforward the Rhine ought to be the western military frontier of the German countries,” and suggesting that the rallying cry of the coalition, including, of course, the United States, should in future be the “*Wacht am Rhein.*” In the face of President Wilson’s proclaimed principles, this is so absurd that one would be inclined to take it for the irresponsible outburst of an old and rather simple soldier. But that venerable radical and pacifist, M. Leon Bourgeois, conceived the League of Nations on the same lines as Richelieu and Foch, as a sort of league for the military garrisoning of the Rhine frontier for France by the Allies and the neutrals. And even M. Loucheur, a French business man of the most modern mental construction, follows the same ideas, and seeks to realize them, in his memorandum, by economic measures.

We can now, I think, judge in the light of history what security for France means to the French mind. By a tradition which has become as powerful as an instinct, French policy is really seeking, when it proclaims its quest for “Security”:

First, the Rhine frontier;

Second, the utmost weakening and dismemberment and, if possible, disintegration of Germany;

Third, a system of military alliances with states either carved out of Germany or round about and threatening Germany.

Fourth, and as the necessary backbone and support of the whole policy, powerful French armaments.

This policy has consistently been unsuccessful. It has never given France prolonged security. It has ended over and over again in disaster. It has been at

least one of the causes of almost every war France has fought for four centuries. But, because it is grounded in fear even more deeply than in the craving for imperial splendor or military glory, every rebuff and disaster has only helped to strengthen it and ingrain it more deeply in the French mind.

Having seen the idea, we are now ready to examine the methods by which, at the Peace Conference and after, the French Government sought to realize the four parts of the programme.

First, *the Rhine frontier*. The Rhine as a military and strategic frontier was demanded, as we have seen, by the French Government in its negotiations with Russia and England from the very first days of the war, and then urged by it on the Allies and on Mr. Wilson in its memoranda submitted to the Peace Conference. When, however, in the latter part of March, 1919, it became evident that it could not be obtained by direct methods, the French, says Mr. Baker, "ostensibly changed the entire basis of their claims on this point. Instead of presenting them in the form of the occupation of the Rhine for reasons of security, they put them forward in the guise of an occupation of territory as a gauge for the collection of reparations," and finally agreed to limit the occupation to a period of fifteen years (Article 428), stipulating that if, after fifteen years, "the Allied and associated governments did not consider the guarantees against unprovoked aggression by Germany sufficient, the withdrawal of the troops of occupation can be postponed, in the measure which is thought necessary for the obtention of such guarantees" (Article 429), and that the same should hold

good “if the Reparations Commission decides that Germany refuses to observe the whole or part of the reparations obligations laid upon her by the treaty” (Article 430).

But this arrangement, for the French, was merely a temporary substitute for a permanent occupation of the Rhine frontier. Events have proved that the French Government never really gave up that idea. For immediately, whilst the Conference was still sitting, they started on the second part of their programme, which is the complement of the first: the dismemberment and disintegration of Germany. On May 22, 1919, before the Treaty had even been signed, the commanding general of the French army on the Rhine, General Mangin, tried to engineer a revolution on the right bank of the river, with the purpose of separating it from Germany, and rather naïvely suggested to the British and American generals that they should extend help to the separatists. This led to the intervention of President Wilson and to the official repudiation of Mangin by M. Clemenceau, who, however, carefully avoided repudiating the idea itself of separating the Rhine from Germany. And in the very same days, Foch, through General Desticker, entered into communication with the Bavarian agrarian leader, Doctor Heim, who, as Mr. Baker tells us, “talked confidently of the separation of all the other considerable states from Prussia, and the formation of a new federation, including German Austria, under a protectorate, mainly economic, of the Entente.”

Since then the fomenting of separatism on the Rhine and in Bavaria has been one of the persistent objects of French policy. In Bavaria they have closed

hands with the reactionaries and militarists. At the trial of a certain Professor Fuchs in Munich two months ago, the evidence disclosed that a French officer, Richert, had been subventioning this monarchist conspirator and his friends lavishly in the hope of engineering some sort of trouble which would have led to the separation of Bavaria from the rest of Germany.

On the Rhine, the French and Belgian authorities have been in constant close touch with the Rhineland separatists, and have strained every nerve, and even justice, to help men like Smeets and Dorten, of whom the first is a half-witted crank and the second an unscrupulous former Prussian official from Berlin, who has no connection with the Rhine, but has, for motives of personal ambition if not for more sinister reasons, become a tool of the French.

However, the French, very wisely, have not trusted only to such rather weak instruments to carve away the Rhine from Germany and to separate the South from the North. They are employing another much more effective method: the substitution of a French and Belgian administrative machinery for the German, and the wholesale banishment of the German officials and of every man or woman whom they suspect of having any personal influence with the local population. They are taking the backbone out of the Rhenish population before swallowing it.

The immense cost of the army of occupation, amounting, up to the end of 1922, to four and a half billion gold marks, or over a billion dollars (that is, to more than the whole indemnity paid in 1871 by France to Germany), although they are now being squeezed out of the German people, will ultimately

fall back on the Allies, as they must eat into the limited sum available for reparations; and yet France bears ungrudgingly its share of the costs, which serve the double purpose of garrisoning for France the Rhine frontier and helping to detach the Rhineland from Germany. Moreover, some of the items for which all this money is so lavishly spent seem to appertain less to a passing military occupation than to the settling down of whole tribes in the Rhineland. Thus, Germany has had to buy for the army of occupation 3,500 children's cots, 800 ladies' writing tables, 500 ladies' toilet tables, 1,400 sets of drawing-room furniture, some of them of satinwood, besides innumerable sundries such as sofas and Turkish rugs, which do not usually, at least in modern times, accompany armies in their migrations. But even for a permanent settlement this expenditure seems rather remarkable in a time when hundreds of thousands of German children are without shirts and without the food necessary to save them from starvation and consumption.

The third part of the programme, the military alliances with the new states formed out of Russia and Austro-Hungary, has been carried out so openly that I need only give it a mention here.

The fourth and last part, French armaments, I shall also only touch upon, as I shall have to examine this question when I speak of the League of Nations.

We have now surveyed the different methods by which France is pursuing this policy of security, save for one point: the difficulty laid in the way of this policy by the time limit of fifteen years for the occupation. This would seem to preclude the permanency of the occupation. However, out of this diffi-

culty the French peacemakers found a way which, from the diplomatic point of view, is a masterpiece worthy of Talleyrand. And here we are brought face to face with the problem of reparations. Indeed, it is only from here—from the point of view of the French policy of security—that this problem of reparations can be properly approached and understood.

Let me say at once that I think reparation and restoration of the devastated areas of northern France and Belgium not only an obligation imposed on Germany by the Treaty, but also a moral duty of Germany. Germany is morally bound to repair, because she broke an international agreement when she violated Belgian neutrality, and thus made herself morally and in honor liable for the damage resulting from the breach of her promise. Besides this, she is *legally* obligated because she accepted the Fourteen Points, which, by the terms of Mr. Lansing's note on November 5, 1918, and by the German acceptance of the same, became part of the agreement between the Allies and Germany. In points 7 and 8, the President says that "Belgium must be evacuated and restored," and that "all French territory should be freed and the invaded portions restored." On the other hand, Germany's obligations were strictly limited by the President's principles that "there should be no contributions, no punitive damages," and by the note of Mr. Lansing to which I have just referred, which limited the damage for which compensation could be claimed to "all damage done to the *civilian* population of the Allies and their property." Thus, the agreement between the Allies and Germany was quite clear. Germany undertook to restore and compensate; and the Allies undertook not

to claim any damage beyond that done to the *civilian* population and their property. This was a perfectly simple and firm basis for reparations, on which it should have been fairly easy to build up a scheme for the restoration of the damage done *which would have worked*. It was, however, immediately thrown into chaos by the proceedings of the European Allies. In England a general election was fought and won with the cry of “Make Germany pay to the last shilling,” and with enormous sums of reparations dazzling and bewildering public opinion. And no sooner had the Peace Conference opened than the French put up a claim that Germany should *pay the whole cost of the war*. Thus a situation arose in which it became impossible for the British and French politicians to fix a reasonable sum of reparations without endangering their positions. The way out of this difficulty was found by *not fixing any definite sum* and *creating a Reparations Commission* with the mandate to fix it later on (Article 233).

Of all the decisions of the Peace Conference, this one, the decision not to fix any definite sum, engineered by M. Klotz, the French Minister of Finance (Baker, Vol. II, p. 378), may yet prove to have been the most fateful. For what did it really mean, apart from being a makeshift for getting the Peace Conference out of an ugly corner? It meant, above all, leaving the door open, or rather reopening it, for any claim, however fantastic, which any government might think fit to put forward under the disguise of reparations. And—indeed immediately, at the Peace Conference itself—it led to the inclusion of pensions in the bill, although it is difficult to see how a pension given to a soldier because he lost an

arm at the Battle of the Marne can be claimed as "compensation for damage done the civilian population of the Allies."

But the really fateful consequence of the decision which left the total sum of reparations to be fixed at a later date, was the influence exerted on the policies of Germany and of France and on the whole economic condition of Europe.

In France, it not only fanned the hopes of an immense indemnity which should transfer the burden of the French taxpayer to the shoulders of the German, but it also paved the way, and was indeed eventually meant to pave the way, back to a permanent occupation of the Rhine frontier, and to the final economic crippling and disruption of Germany. For, if the sum were not fixed now, when Mr. Wilson was in Paris, there was some hope that later on it might be fixed at such a height that it could *never* be paid by Germany; that, therefore, the French troops need never be withdrawn from the Rhine, and that Germany might be crushed politically and economically under the load.

Over Europe it brought the fog of economic uncertainty, obscuring confidence, holding up trade, helping inflation and depreciation of exchanges in their deadly work of destruction. Germany it robbed of all hope and inducement to pay her debts, as she was precluded from knowing even what these debts were.

It is only from this angle that the policies of France and Germany with respect to reparations in the years since the peace can be understood.

First, *France*. France's financial straits and needs are undoubted. Next to her ordinary budget she has

created since 1920 a special reparations budget; and as M. Scelle, the distinguished French economist, states in a series of brilliant articles in the *Europe Nouvelle*, she has now, besides an annual deficit of four billion paper francs in her ordinary budget, already spent ninety billion paper francs on this special reparations budget, of which fifty-four billions are for reparations proper, the rest being for pensions and similar appropriations. Besides these sums already spent, M. Scelle calculates that she will have to spend another sum of from fifty-five to sixty billion paper francs for reparations alone in the next five years; so that the total sum for reparations would amount roughly to one hundred or one hundred and ten billion paper francs, for which she has no covering except her claim on Germany; or to about thirty billion gold francs, or about twenty-four billion gold marks. France, therefore, although she is the only country in Europe whose private business and industry has entirely recovered from the war, and whose annual savings are already equal to those before the war, is financially very much in need of cash. Yet she has never pursued the obvious courses open to her for getting cash; of which the necessary first step was evidently the fixing of a definite sum within Germany's capacity and the reestablishment of German credit. On the contrary: First, at the Peace Conference, she defeated President Wilson's offers to get a definite sum fixed, and substituted, as we have seen, an arrangement which for two years left the sum undefined. And when it became necessary at last to fix the sum, she strove consistently to keep it as far out of reach of Germany's capacity to pay as she possibly could. At the Paris Conference

in January, 1921, she got the Allies to fix the sum at 226,000,000,000 gold marks (\$55,250,000,000); and when the absurdity of this sum became too manifest, then at London in May, 1921, she reluctantly consented to have it reduced to 132,000,000,000 gold marks (\$33,000,000,000). And there the sum still stands. Now, two years before, at the Peace Conference, when the German economic system was still unbroken, when Germany had not yet lost upper Silesia and the coal of the Saar, when the mark still had an appreciable value, M. Loucheur, Mr. Norman Davis, and Mr. Montague reported that "on a liberal basis Germany might possibly pay from ten to twenty billion dollars over a period of from twenty to thirty years." If Germany, in the opinion of the chief French expert, could not in 1919, when she was economically still almost intact, pay at the very utmost more than from ten to twenty billion dollars, it must have been clear to the French Government in 1921 that the sum of \$33,000,000,000 was quite impossible—that it *never* could be paid.

And this entirely agrees with the fact that France has always flatly refused to have Germany's capacity impartially examined. Every request of Germany to that effect has been summarily dismissed. As an expert examination of the assets is, in Germany's case, as in that of any ordinary debtor, the only possible basis for a sound scheme of payments, the inference is almost inevitable that France does not primarily want to be paid, but is pursuing some other aim which she thinks more important. The decision of the Peace Treaty, leaving the total sum indefinite, opened the way for France to regain the ground she had lost through the renunciation of annexations in the

programme of President Wilson, and to revert to her traditional policy; and she eagerly seized this opportunity.

On Germany the indefiniteness of the sum had a paralyzing influence. The various republican governments since the peace looked too passive, seemed to show too little activity and energy in their policy of reparations. It was a serious mistake that they never proposed any scheme before the London Conference of March, 1921. The consequence was that Germany, while paying huge sums to the Allies, gave the impression to the world that she was obstructing payment. In a recent study of “Germany’s Capacity to Pay” made for the Institute of Economics at Washington by two eminent American economists, Messrs. Harold G. Moulton and Constantine E. McGuire, and published by the McGraw-Hill Book Company, the authors, after a careful consideration of all the data, arrive at the conclusion that “the tangible values surrendered by Germany to the Reparations Commission aggregated *between twenty-five and twenty-six billion gold marks.*” That is, between six and one-fourth and six and one-half billion dollars, or very nearly 10 per cent of Germany’s total estimated wealth before the war, and more than six times as much as the indemnity paid by France to Germany after the War of 1870. But, while M. Thiers by his performance roused Europe—although by far the greater part of the sum came, not out of the traditional stocking of the French peasant, but from foreigners who lent France the money—Germany’s much greater payments out of her own substance went almost unheeded, while the lack of ideas and initiative of the German Government was interpreted

as a symptom of its bad will. The truth is that the German Government was shell-shocked by the indefiniteness and afterwards by the hugeness of the sum demanded. The German financiers realized from the first that the task set the German people was, as the report of Messrs. Loucheur and Norman Davis (already referred to) shows, hopeless. And this accounts for the lack of energy of the German Government in pushing the settlement, which it did not think possible.

What we see when we seek for the historical background of the present situation in the Ruhr occupation and in the four years since the peace, is, therefore, France heading back more and more steadily to her traditional policy, in which reparations are an ephemeral and almost negligible detail, while German policy is paralyzed by a feeling of hopelessness; and Europe falls a prey, at the same time, to the febrile fear and desperate plotting of France and to the lethargy of Germany, drifting nearer and nearer to economic and political ruin.

I have already detained you so long with this historical summary that I cannot detain you any longer. In my next lecture I shall return to the political and economic aspects of reparations in connection with the present situation. But if I am dwelling at such length on these questions of reparations and security, if I have to revert to them next Monday, I beg you to remember that with these questions is inextricably bound up the question of the political status of Germany and Europe; that the solution of these questions will be the turning point of modern civilization; and that every people, however distant, however secure, will feel the consequences if that turning

leads back to traditional feuds, and not, as it should, to a new basis for the world—to a basis of security, of justice, and of peace.

LECTURE V

THE RUHR AND AFTER

At the end of my last lecture I showed you how the decision of the Allies not to fix any definite sum for reparations, and then the enormity of the sum imposed on Germany in 1921, had a deep influence on French and German policy. I showed how the indefiniteness and magnitude of the claim led France to hope for the fulfillment of her secular ambition, the Rhine frontier and the dismemberment of Germany; and how the German policy was, by these same decisions, disheartened and paralyzed, so that it failed to impress the world with a sense of its activity, while in fact the German people were at the same time handing over to the Reparations Commission the hugest mass of wealth ever transferred in history—values now estimated by the Institute of Economics at Washington at 25 to 26 billion gold marks, or, roughly, six and a half billion dollars. The outcome of all this was, however, so far as French policy is concerned, the occupation of the Ruhr.

Now, this act, which, in itself and by the measures to which it has led, is unparalleled in modern Europe, raises a number of questions, of which you have read a great deal in the papers and heard a great deal in several very able addresses at Williamstown last week, but which you will pardon me, I hope, for briefly considering again from the German point of view.

When, a few days ago, we had a debate on this

question of the Ruhr at Mr. Philip Kerr's conference, I was much struck by the attitude of the gentleman who had undertaken to state the French case. When he came to the occupation of the Ruhr, he brushed aside whatever legal objections might be raised, by merely stating that it had to be, because there was no other way for France to get what she needed. Now, that is the very answer which the German Chancellor, von Bethmann-Hollweg, gave to Sir Edward Goschen to justify the German invasion of Belgium; and I thought we had got beyond that! However that may be, I, at any rate, cannot make so light of treaties, even of the Treaty of Versailles. In my opinion, at least, the legality of the occupation is of some importance. M. Poincaré maintains, as you know, that he was authorized by the Treaty of Versailles to undertake it, and bases his right on certain of its provisions, which in the view of the German Government and of "the highest legal authorities of Great Britain" and of the British Cabinet itself, as expressed in Lord Curzon's note of August 11, authorizes nothing of the kind. An admirable letter from the former British Attorney-General, Sir John Simon, published in the papers a day or two ago, has stated the legal case against the French occupation of the Ruhr in a way which, I think, cannot be answered. Now, I do not want to weary you by a repetition of Lord Curzon's and Sir John Simon's arguments; all the less, as they have been put to you here from this platform in the most lucid and convincing manner by Sir Edward Grigg a few nights ago. But what I want to say is, that here is, if ever there was, a question for a world court to examine fully and impartially; and that, if the French Gov-

ernment refuses, now that the British Government has proposed to offer it to the International Court of Justice at the Hague, the refusal will mean the definite refusal of Force to bow to Justice.

But, as Sir Edward Grigg in his address pointed out, the question of the legality of the *occupation* is not the only question of legality raised by the Ruhr adventure. Another is no less fundamentally important: the question whether a citizen in his own country can be seized by a foreign military force and punished for obeying the laws of his own government. This is what is happening in the Ruhr every day. It has certainly happened to-day and yesterday, and the day before, and will undoubtedly be happening to-morrow and every day until the occupation ceases. Thousands of German citizens are serving long terms of hard labor or are being cruelly punished in other ways for this crime utterly unknown to justice. About the manner of these punishments I shall have something to say later. But here I am concerned only with the legal question. Do you think it is a precedent of small importance, a thing to be brushed aside like a scrap of paper, if through these acts of the French Government it should henceforth be looked upon as legal for a strong power to march into the territory of a weak power and, not even as an act of war, but with the claim to be administering "justice," to seize and imprison any man who refuses to disobey the laws of his country? I, for my part, hold this question to be still more fundamental, of still wider import than the question of the legality of the Ruhr occupation itself. For if such acts are held to be right, then the very basis of law and order and the framework of constitutional government by

laws lawfully enacted vanishes, and the road is open to any form and use of arbitrary power.

I repeat, legally two issues are now in the balance, both of supreme importance: the one, whether justice or force shall rule in international relations; the other, whether the accepted basis of constitutional government—the duty of every citizen to obey the laws lawfully enacted by the constitutional government of his country—is to be arbitrarily subverted or, as hitherto, maintained. Indeed, nothing in the present tragic situation is of more profound importance than these constitutional and legal questions so lightly passed over by the advocates of France.

But, having stated this, let us now examine the French case without any further reference to its legal aspects. It is usually stated thus: that the German people and the German Government could have paid the reparations imposed on them, or at least the reduced sums and deliveries agreed upon from time to time; but that they deliberately, and with the purpose of defrauding their creditors, depreciated, and even went to the length of ruining, their currency in order not to have to pay. With this last allegation I have already dealt in my last lecture. Even the spokesman of the Comité des Forges has branded it as “absurd.” But how about the allegations? Could the German people, however industrious and self-sacrificing, under the circumstances obtaining since the war and the Treaty, for any length of time have satisfied the claims of the Allies? And could any German Government, however strong, have mastered the adverse forces opposing any approach of reality to the flights of fancy to which public

opinion in the Allied countries had been incited? Could the problem before which Germany was placed have been solved by any genius, however profound and resourceful?

What does the solution of this problem, of the Reparations Problem, mean? It means *transferring a certain quantity of wealth from Germany to the Allies*. This wealth can be:

(1) Either gold or goods or property or investments abroad;

(2) or services;

(3) or gold or goods or property or investments in Germany;

(4) or the surplus of Germany's exports over her imports—her net profits out of her trade with foreign countries.

Now, all she possessed under (1)—her gold, her goods, her property, and her investments *abroad*, in so far as they were in the allied countries, and besides that her mercantile marine—all this was transferred to the Allies by the Treaty, to a total value, as we have seen, of about six and a half billion dollars. The remnants of her possessions abroad which survived this colossal transfer, including what has accrued since, are now generally valued at about one billion dollars, or four billion gold marks. But as she has no credit abroad and has to buy all the food and the raw materials which she needs there *for cash*, this sum hardly exceeds the minimum necessary to keep her people and her industries alive. England, with an unimpaired credit and with a trade now about double that of Germany, needs, I have been told by one of the foremost British experts, more than double this sum abroad for the same pur-

poses—£500,000,000, or about two and a half billion dollars. So even if the estimate of one billion dollars of German investments abroad should be slightly too low—which, however, seems improbable in view of the authority of men like Mr. McKenna, Sir Robert Horne, Mr. Thelwall, and the economists of the Washington Institute of Economics—I say, even should this estimate be slightly too low, Germany could not now pay, nor ever could have paid, out of this account anything substantial for reparations.

If this mode of payment seems no longer possible, how about (2) *services*? Armies of hundreds of thousands of German workers, working at reparations or doing other work for the Allies, as the Egyptians built the pyramids for Pharaoh, have been marched out before the popular imagination. This was of course fantastic. But Germany has repeatedly offered to send as many workmen as were needed to help restore the devastated area; and, every time, these offers have been declined or stultified more or less politely. When I was in Paris a year and a half ago, a French deputy asked to see me. He told me he wanted me to help him get German workmen for his constituency, which was situated near Rheims in the devastated area. The German Government had offered to send them. The French Government, having been asked for its permission, declared that it could not come to any decision before consulting the inhabitants of that section, and that therefore it would hold a plebiscite. The plebiscite was held and resulted in a very large majority for getting the Germans in. But then the French Government, as the deputy told me, took fright and sent down speakers to explain to the population that what they

voted for was dangerous, and that therefore they would be given a new opportunity to decide finally. A second plebiscite was then held; and after this agitation of the government it resulted in a majority against bringing the Germans in—this majority, however, being extremely small; I believe, 52 to 48. That is how the services of Germany, when she offered them, were welcomed by the French Government.

I now come to (3), gold or goods or investments or property within Germany. The German gold reserve has been so depleted that, if ever there is to be a stable currency in Germany again on a gold basis, it cannot be depleted much more. And, besides, it never was, after the peace, more than about one billion gold marks, 200 million dollars—not enough in fact to pay even six months' reparations as fixed in London in 1921. Of course, if it had been transferred to the reparations account, there would have been then and there an end of any sort of currency in Germany, and the German people would have starved; which would have meant the end of reparations also.

Goods to be produced in Germany and transferred for the account of reparations to the Allies were, as we all know, bargained for in the Rathenau-Loucheur and Stinnes-Lubersac arrangements. But immediately, the French manufacturers were up in arms, and the Rathenau-Loucheur arrangement broke down, as did also for the same reasons the Stinnes-Lubersac arrangement. However, besides the enormous coal and coke deliveries to France, Belgium, and Italy, considerable quantities of reparations in kind—that is, goods, such as locomotives and dyes—have been transferred to the other allied nations,

such as England, Italy, Roumania, and Jugoslavia. But, even there, the capacity of absorption, and consequently the value to be credited to Germany on the reparations account, is strictly limited, and nowhere near the immense sums claimed from her.

We now come to investments in Germany. Such investments might possibly become, later on, an important item in the reparations account. They have played a great part in the various schemes set up by all sorts of people for reparations. But suffice it to say here, when only examining what Germany might have done before the Ruhr invasion to prove her good will to France, that the schemes for turning over a part of the capital of Germany's industries to French industrialists, who would have paid for them, not to the German industrialists, but to the Reparations Commission on account of reparations, have never had the favor of M. Poincaré. About a month before the Ruhr invasion, Messrs. Stinnes and other great German industrialists offered to come to Paris to further one of these schemes. The late German Ambassador, Mr. Mayer, informed M. Poincaré, but M. Poincaré flatly refused to countenance any such negotiations; and they therefore never took place. I think I am not unfair to M. Poincaré when I say that he never wished to see the French industrialists in the Ruhr without French bayonets behind them.

The last form of raising wealth within Germany to pay reparations would be by taxation; and a great many people in France and elsewhere believe that the German people have not met the claims of the Allies because they would not allow their government to tax them, or, worse still, because they wickedly evaded the tax collector when he did come. A

gentleman here in Williamstown has sent me a written question about this, and I wish to answer him by two sets of figures, the one based on the report submitted by the League of Nations in December, 1920, to the International Financial Conference of Brussels; and the other on the very thorough investigation into Germany's capacity to pay by Messrs. Moulton and McGuire of the Washington Institute of Economics. The League of Nations memorandum states that the average rate of taxation in 1920 was 474.90 paper marks per head in Germany and 416.80 paper francs in France; while the average income was 3,900 paper marks in Germany and 3,200 paper francs in France. If we reduce these figures to a gold basis, at the rate of exchange for January 31, 1921, we get the following results: average income in Germany per head, \$60.84; average taxation per head, \$11.75; average income in France per head, \$225.92; average taxation per head, \$29.42. So that in 1920 the German people turned over to the government, on an average, 20 per cent of their income for taxes, and the French people, on an average, 13 per cent. Messrs. Moulton and McGuire have examined the figures for the fiscal year April 1, 1921, to March 31, 1922. In this year the government received from other sources than borrowing—that is, from taxation—91 billion paper marks. In addition to this, the revenue raised by the states and municipalities is estimated at 20 billion paper marks; making the total revenue from sources other than borrowing 111 billion paper marks. As the authors arrive by a series of calculations at an estimate of 485 billion paper marks as the income of the German people, the revenue raised by taxation

amounted in 1922 to about 23 per cent of the total annual national income. You will remark at once how close this percentage, as estimated by Messrs. Moulton and McGuire for 1921-1922, tallies with the 20 per cent for 1920, to which the League of Nations figures lead. The rate of taxation in France in 1922 is estimated by Messrs. Moulton and McGuire to be about 18 per cent; for Great Britain, at about 30 per cent; for the United States, at about 14½ per cent of the national income. But they add: "In view of the fact that the German per capita income is lower even than that of France, it will be seen that the *burden* of taxation has been comparatively heavy in Germany."

It is further to be noted that since May, 1921, the German budget has been directly supervised by the Reparations Commission, which has its agents in the German Ministry of Finance and in other places, and which since then has strictly controlled all German fiscal operations. Now, the Reparations Commission has, so far as has transpired, addressed no observations to the German Government for not taxing its people properly or for allowing them to evade the taxes. It is therefore not very likely that the indictments of the German Government and the German people under this head are justified.

And anyway, taxation, however heavy, could never, under the present circumstances, lead very far in the way of reparations. For taxes, even if collected on a gold basis, could never put anything in the hands of the German Government but *paper marks*. Now, paper marks can manifestly be used for reparations only in two ways: either by investing them in goods or property within Germany, or by turning them

into dollars or some other gold currency. Investing them in goods means delivering the goods to the Allies. And we have seen that France has always studiously abstained from receiving even the very limited quantities of goods which Germany was willing to deliver to her under the Rathenau-Loucheur and Stinnes-Lubersac arrangements. Much less would she have been willing to receive huge amounts of miscellaneous goods dumped down on her as an alternative to the colossal sums which she was demanding for reparations. I remember an expert of the French Embassy in Berlin rebuking me violently because, as he expressed it, we were "infesting the French colonies with pianofortes."

And as to investments in German industries or banks, the total income of the German joint stock companies in 1922 amounted only to 24½ million gold marks, or about six million dollars. That is just half as much as the *monthly* payments demanded from Germany for 1922 by the note of the Reparations Commission of January 28, 1922. If, therefore, with the paper marks squeezed out of the German people, the Reparations Commission had bought up the capital of all the industries and banks in Germany, *this fortnightly installment* is all they would have received during the whole of last year!

But, you may say, then why not turn the paper marks into gold by buying dollars? Well, this is precisely what the German Government did in 1921 to get hold of the billion gold marks demanded of it by the London ultimatum. But there are several objections to generalizing this procedure. First, the greater the supply of paper marks thrown on the market, the more they shrink in value. This proce-

dure cannot therefore go on for very long, as shortly it must end in bankruptcy. But, besides this, if the German Government is to turn its marks into dollars, somebody must give dollars for their marks. And as the mark under this treatment is bound to sink deeper and deeper, the whole proceeding would be nothing but robbing Peter to pay Paul; and I doubt whether the country which produces Peter and his dollars would look on this operation long with satisfaction.

All the ways of paying reparations we have considered up to now have, therefore, at least under the present circumstances, turned out to be blind alleys, which no amount of good faith, of industry, or of strength of purpose in the German people or the German Government could have opened out, so as to lead France and the world to the ample reparations payments demanded. There remains but one last possibility which we must examine in order to see whether the accusations levelled at Germany, and also the occupation of the Ruhr, were justified, if not in law, at least by the bad faith or the supineness of Germany. This possibility is the payment of large sums of reparations out of the surplus of exports over imports. When a country exports more than it imports, it accumulates a bank balance abroad, and this, of course, can be transferred to another nation without any particular technical difficulty. Mr. Lloyd George, M. Briand, and all the experts who have made pronouncements on reparations have always pointed to this way as the chief or only manner by which Germany could procure the money or credits necessary for reparations. In February, 1921, M. Briand, then French Premier, said in the Chamber: "In order to pay us Germany must every year create

wealth abroad for herself by developing her exports and reducing her imports to strictly necessary things." Was it in the power of the German Government or of the German people so to develop Germany's exports and so to reduce her imports as to create sufficient wealth abroad to pay regularly, in the years between the fixing of the total reparations sum in 1921 and the Ruhr invasion, even the minimum sums imposed upon her? I think that Messrs. Moulton and McGuire, to whom I must again refer, have answered that question conclusively. I cannot go into all the details of their argument; indeed, it is not necessary, for everybody who takes a serious interest in the problem of reparations must read their book. Suffice it therefore to say that they show:

(1) First, that Germany to-day, far from being extravagant and importing too much, imports too little to keep her population and her industries going; for in order not to let both run down, the value of her imports should amount at least to 14,000,000,000 gold marks (page 114).

(2) Secondly, that the total value of her exports in her boom year, 1913, represented in present gold prices, was 16,000,000,000 gold marks (page 134).

(3) Thirdly, that all her markets have been either greatly curtailed or entirely destroyed. In 1913 23.8 per cent of her exports went to central and eastern Europe, to Russia, Austria, Hungary, and the Balkan States; and these markets are for the time being almost entirely lost. This alone would account for a loss of nearly 4,000,000,000 gold marks on the value of her exports in 1913, pressing down the balance even of this boom year beneath the absolute minimum needed for her imports. Western Europe also, which

took in 1913 52 per cent of her exports, has suffered greatly from the war and reduced its purchases. And America, partly on account of the new tariff, has also fallen off considerably.

(4) For Germany to get a favorable trade balance, permitting regular reparations payments over long periods, not only must Russia, and therefore the whole of eastern and western Europe, be restored to the former prosperity, but the barriers put in the way of German exports by the Treaty of Versailles and by the high tariffs of the new states in Europe, of France, Great Britain, and the United States, must also be abolished, or at least considerably lowered.

Surely, then, the German people and the German Government cannot be held responsible for not creating by a huge surplus of exports over imports a gold hoard abroad sufficient to pay the sum demanded from them for reparations.

And the same holds good of the possibility of getting a gold loan from foreign banks to pay at least some installments on reparations. It is a matter of history that first the London City, and then the Bankers' Committee convened in Paris in June, 1922, under the chairmanship of Mr. J. Pierpont Morgan, declared that under the present circumstances and restrictions imposed upon Germany by the Allies, they could give the German Government no loan; and Mr. Keynes has disposed of this whole "myth" of a great international loan for reparations in a brilliant article in the *London Nation*.

If, therefore, there has been a certain weakness or inactivity of the German Government, paralyzed as it was by the impossibility of the task which the Allies imposed upon it, it is nevertheless certain that no

amount of good will or energy could ever have led to regular reparations payments on the scale demanded by the Allies between May, 1921, and January, 1923, unless certain radical changes in the reparations settlement, in the treaty provisions, in the tariffs of the Allies, and in the buying capacity of the world had been brought about simultaneously—changes which, above all, France was quite unwilling to concede.

How, then, in the face of these facts, can M. Poincaré maintain that the Ruhr occupation was justified by the bad faith or the supineness of the German Government and people? The bad faith in this case is manifestly on the side of M. Poincaré, when he tries to justify his act, whose motives are not far to seek, by false accusations against Germany. The truth is, of course, that there is just as little moral as legal justification for the occupation of the Ruhr, and that it is not reparations at all, but a set of motives only loosely connected with reparations and much more closely with the traditional policy of France, summed up under the name of "Security," which has led him thither—the fear of an economic recovery of Germany, the wish to tighten his hold on the Rhineland and the Rhine frontier; the hope of building up a great industrial trust under French control, combining the whole French steel industry and the coal mines of the Ruhr, thus setting France's political and military overlordship over Europe on a firm and colossal economic basis; and last, not least, the fear of public opinion in France, which M. Poincaré has done so much by his speeches and writings to inflame and to render insatiable. These are not blind surmises; we have his motives set down in black and

white and fully explained in his own speeches and in the report made to him by his agent, M. Dariac, the chairman of the Chamber of Deputies Finance Committee, whom he sent to the Ruhr and Rhineland in May, 1922. In his speech in the Senate after the breakdown of the Paris Conference, just before the occupation of the Ruhr, M. Poincaré said that his principal reason for not accepting Mr. Bonar Law's reparations plan was that it might allow Germany to pay and recover. And M. Dariac develops in his report a full plan, based on the occupation of the Ruhr, for detaching the Rhineland from Germany; or, as he expresses it, "for a long-sighted policy by which a skillful diplomacy must little by little detach a free Rhineland under the military control"—"free," yet "under the military control"—"of France and Belgium."

Here we have, stated explicitly by one of M. Poincaré's own trusted agents, what the Ruhr occupation is aimed at: not at reparations, but at "detaching a free Rhineland under the military control of France and Belgium" from Germany.

So far M. Poincaré. But just at this juncture French policy, which, since the decision of the Treaty of Versailles not to fix the sum of reparations and to occupy the Rhinelands until reparations were paid, had been developing so logically and successfully, suddenly stumbled on an unexpected obstacle: the will of the people themselves in the Rhineland and the Ruhr. This, M. Poincaré, in his narrow and autocratic imagination, had never taken into account. He had never had a doubt that people could be "handed about from sovereignty to sovereignty as if they were

property." I remember, on the evening of January 11, in Paris, telling one of the most brilliant French journalists that the people of the Ruhr would resist, and how his face and his arms fell in sheer overwhelmed astonishment. "But what is M. Poincaré to do then?" he cried in a sort of anguish. "He is expecting to find the representatives of the industrial magnates and trades unions coming to meet his commanding general hat in hand at the station in Essen." Well, the representatives in frock coats did not turn up; and instead he found passive resistance.

The plain men and women of the Ruhr did not see why they should accept transference, without being asked, from the sovereignty of the German Republic to that of M. Poincaré and the French army. Imprisonment of individuals for debt has long been abolished as barbarous and inefficient in civilized countries: why should they acknowledge as one of the features of the new world, which a great war had made "safe for democracy," imprisonment for debt of a whole people?

But there were deeper motives even than these. The miners and workers of the Ruhr, a race hard and bright as steel, have never submitted to military control in any shape. They are and have been for generations straight-backed, common-sense anti-militarists, with an underlying strain of mysticism. The Imperial German Government never dared station any troops amongst them. Since the war, pacifism has sunk deeper and deeper into their souls. In dozens of great meetings where there were thousands of miners and rough-handed workers, I have heard them declare their belief in peace. The slogan "No more war!" never fails to raise storms of applause in the Ruhr

and Rhinelands. Only last year, in June, I accompanied half a dozen French deputies and publicists to the Ruhr. We had immense popular meetings in Bochum and Dortmund and a great open-air meeting in the public square of Dortmund. The French, who spoke French and by no means passed over reparations, had an enthusiastic reception at all the meetings, without any opposition, the one dominant wish expressed being friendship and coöperation between the common people of France and Germany. This flame of almost passionate anti-militarism and pacifism, burning deep down in the souls of the rough-handed, but rather mystical people of the Ruhr, explains as nothing else could their attitude towards the French occupation. This was the "unknown factor" with which M. Poincaré had reckoned. He had perhaps thought there might be *active* resistance, sabotage, sniping of French soldiers, even a sort of guerilla warfare. But this, he knew, could easily be put down by the overwhelming military force of tanks and machine guns. But *passive* resistance, founded on the bedrock convictions of a people, was a thing unheard of and unimagined. The German working people had developed it successfully a first time against their own militarists and reactionaries when they put down the Kapp Putsch. Now, in the Ruhr, in the very center of German pacifism and anti-militarism, they rose with a still greater energy for a still more serious test and venture.

There are two ideas sustaining and leading them:

First, *that they will not work under coercion*; that military force cannot be allowed to interfere with the liberty and dignity of labor;

Second, *that they are putting up a fight for a*

great idea; that they are testing whether military force is irresistible, or whether there is in the soul of man something stronger, of which even tanks have to take account. They are deeply convinced that this fight of theirs will be a turning point in history, whether it proves the absolute supremacy of brute force or whether it shows that at last we are living in a world where the sword is not the sole arbiter.

These motives and traditions alone explain the self-control of millions of unarmed men and women under the oppression of the greatest army in the world. Nothing but the convictions handed down for generations and hardened to granite by the experience of the Great War could bring forth such strength and such patience. I wish my words could render the emotion which none can fail to feel who witnesses this silent uprising of a proud people unarmed. I have received to-day from the British Bureau for Ruhr information, under the chairmanship of Mr. Oswald Mosley, the well-known Liberal member of Parliament, a bulletin in which I find the following statements in a report of a commission of the British Transport Workers, which has recently visited the Ruhr: "That, with regard to the passive resistance movement, 'this policy is their [the workers'] convinced and free expression'; 'they have pursued this course because in their hatred of militarism and their belief in the right of political and economic self-determination, and the unity of Germany' they are 'anxious to give a demonstration to the world of the futility of militarist methods in the face of a resolute passivism.' 'In the face of all we have seen and heard, we cannot but admire the moderation, the discipline, the patient devotion of

the organized workers' movement during this anxious and critical period.' " The report then goes on to state that "the expulsion of railwaymen and officials has produced 'pitiful' suffering, and 'created bitter feeling and acute apprehension in the minds of the German people.' "

I could speak to you of the martyrdom of those slashed by the whips of French officers for the crime of not saluting them; of children and young boys shot down by young French soldiers in a panic; of thousands of families suddenly thrown out of their homes with just an hour or two to pack their most necessary belongings; of plain workers or small officials serving years and years at hard labor for not breaking the laws of their country; of petty tyranny, such as the ordinance ordering the closing of windows in the night during the hot weather. But, after all, this suffering and martyrdom are merely accessory to the situation; and all I want to emphasize is that millions of men and women silently resisting are by their will alone blocking the greatest military machine in the world. I will quote from a telegram of August 15 which I find in the *New York Times*, a paper not noted for being pro-German. Its correspondent telegraphs from Düsseldorf:

One of the best informed agents of the French occupying forces here to-day admitted that in spite of difficulties, in spite of the irksomeness of their daily life, in spite of the complete ruin of trade and almost complete stoppage of industry, if Germany yields it will be because of trouble and the forces of opinion in the unoccupied parts, and not because of any weakening among the people in the Rhineland and the Ruhr. This admission after seven months of occupation is confirmed conclusively by Germans. *If any-*

thing, the spirit of resistance seems to be stronger than it was four months ago.

And as to the results for France, I quote from the same telegram :

During these last four months, the progress of the French in the occupied area has been almost negligible. They are still at the figure of 12,000 tons of coke a day, and it appears from inquiries that they have abandoned plans which were being formed some weeks ago for exploitation of the mines and factories with local labor.

Four months ago, on April 12, the German Government issued statistics, which have not been contradicted, showing that France and Belgium had transported away, from January 9 to March 31, 238,000 tons of coal and coke from the Ruhr; whereas if they had received the regular reparations deliveries they would have got 4,200,000 tons. And, as we have seen by what I have quoted from the *Times*, the French themselves admit that there has been no improvement since. The losses which the French and Belgians have sustained in coal and coke during the occupation are therefore enormous, and their industries are suffering accordingly. By far the greater part of the French blast furnaces in Lorraine have been extinguished. And the dissatisfaction of the Belgian traders and industrialists with the situation is becoming an increasingly grave anxiety for the Belgian Government. In the meanwhile, Germany's economic life is being strangled, and her capacity to pay, depending as it does on her economic recovery, permanently lessened; so that, if this situation is allowed to develop much longer, there will soon be no prospect left of any reparations at all. There will

be, not only no reparations, but no central European markets or buying power for many years to come. Apart from France, what does that mean for the world? what are the sacrifices which the world at large, and you here in America, are being asked to bring, not to the needs of France, for which I have full sympathy, but to the unjustified, illegal, and utterly hopeless methods by which M. Poincaré is, as he maintains, attempting to satisfy them? England will have to maintain indefinitely the million or million and a half unemployed, for whom she has already spent over two billion dollars (four hundred million pounds) since the Armistice (Curzon's note, paragraph 17), or about three times as much a year as she pays America for her debt. And if this situation continues, she may well be faced next winter with a serious social disorder. The European neutrals are following in the path of unemployment and social disintegration.

And what about America? When I was in Washington, I made inquiries about this of the Washington Institute of Economics. And they generously placed at my disposal and permitted me to make use of the information which they had gathered, and which is as yet, I believe, unpublished. I must omit the charts and can give you only very brief extracts from the conclusions illustrating the influence of the present situation in Europe on the markets for the agricultural raw materials and foodstuffs produced by American farmers. First, note its influence on the American home market for wheat and other farm products. "American manufacturers," they say, "need to sell part of their product in Europe or in South American markets, or other markets, whose

purchasing power is in turn dependent upon their ability to sell their own products in Europe. If such outlets fail, our industrial centers must curtail their operations, and the farmers' domestic market is proportionately weakened. *Hence the American farmer becomes vitally interested in the question of the industrial and financial outlook for Europe.*" In the first two years following the war the European Governments continued to buy American wheat and farm products by the measures to which they had resorted during the war, paying for them out of loans and by other methods of war-time finance. "During 1921 and 1922," the Washington Economists continue, "even these desperate resorts of Europe were coming gradually nearer to their final extinction. If the invasion of the Ruhr should prove in the end to be only the climax of a four years' sequence of failure to deal constructively with the problem of Europe's rehabilitation, the position of American agriculture would be truly desperate. . . . Under such circumstances the United States would have to strike practically the whole of her list of European customers from her books, and adjust her agricultural industry accordingly. . . . Germany and the United Kingdom (the two countries hardest hit by the Ruhr invasion) were by all odds the American farmers' best foreign customers before the war." Senator Capper, quoted by them, in his letter to the President urging an international conference on European settlements, adds, "Now Europe starves, our surplus products rot, and for an adequate outlet for them no other practicable means can be devised. To reestablish the one industry upon which our national well-being so certainly depends, it is as necessary to take care of and dispose

of this 15 per cent surplus (which was sold to Europe) as it is to market the 85 per cent which makes our existence possible. We must keep in mind at all times *that the price of the surplus sets the price of all.*" So what M. Poincaré is riding over roughshod with his tanks in the Ruhr, is, amongst other things, the future and the prosperity of the American farmer. M. Jacques Bainville, the well-known French Royalist writer, who, while uncompromisingly nationalist, sometimes has a clearer vision of international affairs than other French writers, says of the Ruhr invasion: "Here there are only two solutions, both tragical; either a cut into the substance of French life or one into the substance of German life. And because it is a question of life and death, we prefer to cut this pound of flesh out of Germany than to see it cut out of France. The myth of Shylock has taken on singular proportions." So far M. Bainville. But if Shylock (it is, I repeat, a French nationalist and a friend of M. Poincaré who uses the simile) turns out to be threatening with his knife not only Germany, but the world, and the Middle West in particular, his "myth" might not only take on singular proportions, but there might also be in the long run some singular reactions.

But is M. Bainville really right? Is there no other solution to the problem of reparations, and to that even more fundamental one of "Security" for France, but the knife of Shylock? Are these two problems really so insoluble that there is nothing left but murder? murder of one European nation by another? I refuse to believe it. I see in M. Bainville's words only the confession that *his* policy, that of M. Poincaré, leaves no other way out, and therefore that

policy's final condemnation by the vision of one of its chief advocates.

The first step, therefore, towards "Security" and reparations must be the abandonment of the traditional French policy of "security" as initiated by Richelieu and revived by M. Poincaré. For even if, by a passing triumph of brute force, an arrangement on the lines of this policy were bullied out of Germany, it could not endure. In a year, or in five years, or in ten years, the whole system would come up again for solution, in a form more baffling and dangerous than now. The first step, therefore, I say, towards any permanent solution of this complex problem of "Security" and reparations must be that the French Government give up all idea of dismembering or permanently occupying or threatening any part of Germany. Any permanent occupation of the Rhineland or of the Ruhr by the French or by troops or a gendarmerie or a commission representing the French, must be finally left behind and the door barred and bolted on it, before we can see the light. But, once this is done, I see no reason why France and Germany should not coöperate for the prosperity and peace of Europe; why they should not take hand in hand the further steps leading thither, and should not ultimately, as loyal partners, become friends.

For the next step and those following will be impossible without some such coöperation. For that next step must be, leaving behind, as we have said, all mediæval ideas of "security," the building up of a real security which cannot be permanently assured if it be not *reciprocal*. France has a great army; Ger-

many is, by the Treaty of Versailles, permanently disarmed. The French people are indeed less numerous than the German; but France has an immense African Empire and is using it, with great success, to increase her man-power. General Mangin, the former commander-in-chief of the French army of occupation, has written a very well-reasoned and illuminating book on the subject. Ten or fifteen years hence France may, and probably will, have a well-equipped and drilled black army of a million or more men with which to invade Germany at her pleasure, as she is doing now with her Senegalese and Moroccans. Germany therefore needs security just as much as France, and even more; and no arrangement that does not give security to Germany as well as to France can possibly be permanent.

But reciprocal security can never be mechanical; it must necessarily rest, whatever be its machinery, on pledges given and taken in good faith. What pledges in the case of France and Germany should be chosen as the most efficient, over and above the demilitarization of the Rhineland and of the strip 50 kilometers broad on the right bank of the Rhine, imposed on Germany by the Treaty of Versailles, Germany is willing to leave to France. Whatever guarantees France is willing to give us we are willing to give her. I do not therefore wish to propound any cut-and-dried solution here. But with such an undertaking, if security and nothing else is the object, it should truly not be impossible to find a solution.

Probably you may be thinking: But will this point, abandonment of the traditional French policy of security for *reciprocal* security based on pledges given and taken in good faith, ever be conceded by

France? Well, ladies and gentlemen, I confess that in the immediate future I see little hope, unless strong pressure is put, by the nations whose interests are being jeopardized, on M. Poincaré and his set. It is possible that Shylock—to speak with M. Bainville—may this time have his way, and that no Portia will put forth her hand to stop him. A great deal of blood may be spilled before we see the light, and, as it has been so often, uselessly. We may even see Shylock triumphant, with the imperial crown of Europe on his brow. But in the long run Shylockism does not pay. And therefore, ultimately, I put my trust in the common people of France, who are not very different from common people everywhere, and who want, if anything, less taxes and not more glory; on the great industries of France, which want coke and not blood; on the bankers, who prefer common sense to bankruptcy; on the silk manufacturers of Lyons and the wine growers of the Champagne and Bordeaux, who prefer markets to occupied territories; and on all the delicate and dainty crafts of Paris, which prefer tourists to triumphant politicians. This Poincaré policy must in the end, whatever its passing triumphs, react disastrously on France itself. And then, if not sooner, will be the time when even leading politicians in France will have to take another view of security than M. Poincaré is now taking.

Such clear-sighted politicians, who see that the Ruhr occupation is an economic and moral mistake, exist in France to-day. The French Radical and Radical-Socialist Party has just issued an appeal “to the Democratic Parties of other nations” inviting them to join forces in defense of the cause of

peace and justice. While emphasizing the right of France to reparations which will enable her to restore her devastated regions, the authors of the appeal declare their opposition to claims for anything greater. "Yesterday [they say] it was a battle between the policy of force and the policy of justice. To-day the opposing factors are the demands of equity and the claims of interest to universal sovereignty. If the latter idea should triumph we shall have fought in vain. Economic materialism will deal a knock-down blow at the idealism of liberation."

The French Radical and Radical-Socialist Parties, as you know, are by no means Socialists, but merely Left Liberals and Democrats. Their leaders are men like the former French Premier, M. Painlevé, the mayor of Lyons; M. Herriot; and M. Albert, who amongst the younger members is the one who has most strongly impressed the country with his labors and his personality. They number 143 members in the Chamber out of a total of 610. I have read these extracts from their appeal with all the greater pleasure because they show that Frenchmen have not lost their old virtues of chivalry and moral courage, and that if we, as Germans, must feel bitterly towards the present French Government, we know that down beneath the governing set there is still a great mass of Frenchmen with whom we could live in the truest sympathy and comradeship.

But, in the meantime, can anything be done? For French and European security, I fear, nothing, so long as France pursues her own policy of "Security." But something, I think, can be done towards the solution of the problem of reparations. First, there is the German note of June 7, 1923, which still remains

unanswered, but which the British Government considers a satisfactory basis for negotiations. In this note the German Government, while maintaining its offer of 30,000,000,000 gold marks for reparations, admitted that the question of Germany's capacity was one of fact, on which different opinions could be held. For this reason they offered to accept, as to the amount and method of payment, the decision of an impartial international body such as Mr. Hughes has proposed. They also declared that they were ready to supply all available information necessary to forming a reliable judgment on Germany's capacity to pay. They will, if requested, throw open to inspection all their financial records and furnish any details that may be desired concerning the resources of German industry and business. In conclusion, the German Government proposes an international conference on reparations. The two fundamental suggestions of the German Government—the examination of Germany's capacity to pay and of the best method of payment, by an impartial international body, and the summoning of a conference to handle, in the light of these findings, the whole question of reparations—can be carried out with or without France. There is, indeed, no reason why, because France chooses to tread the paths of Richelieu and Napoleon, the other Allies should stand by and lose their last chance of getting reparations.

The findings of the experts and of the conference might not be accepted by France? France, we are told, holds the Ruhr, and nobody can get her out of it! Yes, but America and the other Allies and the neutrals hold the markets without which, even if the Ruhr workers could be bullied into working by the

French military, France cannot get cash for reparations from the Ruhr. The Ruhr is no good to her if she cannot sell the coal and steel which the Ruhr produces. It is therefore nothing but a piece of impudent nonsense when French imperialists state that France, by virtue of her strong army gripping the Ruhr, can defy the world and pay herself. If, as France claims, she really is in such desperate straits that she had to take the law into her own hands, then she certainly cannot relieve them by merely sitting on the Ruhr while the world, by withholding its good will, makes it impossible for her to get any cash out of the occupation.

We have now reviewed, as I had undertaken in my last lecture, the whole immense and intricate net of policies, needs, fears, ambitions, and enmities which we call the problem of security and reparations, and which must strangle Europe unless it is unravelled. We have seen how the traditional policy of France, emerging from under the imperfect clauses of the Treaty on reparations, has warped and twisted every attempt at settlement and every instrument devised for such a settlement; and how at last this policy has resulted in the illegal and cruel oppression of peace-loving and industrious people. I have never denied, nor does any responsible politician of Germany deny, that France has a right to reparations and security; or that it is the duty, as well as the interest, of Germany to see that she gets them. I have pointed out how the last German note opens a way which, if pursued in good faith and without faltering by all the nations concerned, can and should lead to a satisfactory settlement. But such a settlement will in the

last resort be brought about by public opinion. And thus it is up to you and up to every man and woman in all countries, and principally in France, to consider and decide whether we want a settlement, or further unrest, misery, sickening industries, dwindling trade, and perhaps, in the end, streams of blood.

Let me add one word. If, by the weight of opinion of the plain men and women in all countries, this immense problem is settled, then on the foundations laid by that settlement will arise a new Europe for plain men and women, and not for self-seeking politicians and militarist generals, to feel well in; a true Democracy and a true League of European Peoples, which one day may become the United States of Europe. About this new world and the hopes which the German people have for it, I shall speak to you on Wednesday.

LECTURE VI

NATIONAL AND INTERNATIONAL DEMOCRACY

THE great problems with which Europe was faced when the war broke out, the no less desperate difficulties into which the war has plunged it, have not been solved by the treaties made at Paris. Some were left entirely untouched by these treaties; some were rendered more insoluble; some were just taken up and moved from one place to another. Europe as a whole must be admitted, even by the advocates of the Paris treaties, to be, four years after, one great devastated area.

But if the war and the treaties hardly touched the great fundamental problems of Europe, they did at least give birth, as a result of the spiritual revolution of those terrible years, to two great new instruments, which may, if they are allowed to develop, be of use at some future time in solving the European difficulties: the League of Nations and the German Democracy. It is of these two and their possible relationship, as being twin births of the same spiritual anguish, that I shall speak to-night in my final lecture.

GERMAN DEMOCRACY

The steps by which, in the latter part of the war, the German people slowly and painfully, and then with a sudden rush, as the catastrophe came upon them, blazed their way through to democracy, I cannot trace here to-night. Suffice it to say that German Democracy was born in the trenches, where the men learned that self-sacrifice and leadership are not

the privilege of a few. No autocracy could have survived the test of modern war. That became manifest even to those at home during the great strike for universal suffrage in Prussia in January, 1918. When the old government broke down in November, 1918, it was a nation with a feverish, indeed a passionate, wish to take its fate into its own hands that was freed. The most remarkable thing about this fervor was the pride in responsibility, the ardent wish of millions of plain men and women to earn their freedom through service to the whole. That is why the Soviet idea appealed to them. They did not wish to cast off responsibility by delegating it through a term of years to parliamentary representatives: they wished to keep it there tight pressed against their hearts, to cherish as the symbol of their new-won freedom. The idea of service, of intimate and daily service to the people, performed, not through the medium of professional politicians, but with an almost mystical faith by every one for every one, was at the back of this first passionate wave of German Democracy. It welled up out of the depths of the German soul, out of the secret deep-down undercurrents which, four centuries earlier, had borne German Protestantism; and it drew its intellectual substances from the most German of philosophers, Immanuel Kant.

To the Russian revolutionary, the Soviet was the sharpest and most handy instrument for destroying authority. To the German, it was the most direct and continuous means for allowing plain men and women to perform public service. But, with this fundamental difference, the German and the Russian both went beyond mere *political* control and responsibility. The German, like the Russian, thought that political

without economic control was hardly worth having; and his cry was, like that of the Russian, for *economic*, as well as political, democracy.

Subsequent events, and most of all the terrifying example of Russia, prevented the full growth of the Soviet in Germany. But the idea of the responsibility, direct and inalienable, of every man and woman for the welfare of the community, and, growing out of this, the aim of securing to every one the direct and permanent control of all the affairs of the community, including production and distribution, remained the very essence of German Democracy.

THE NEW GERMAN CONSTITUTION

Thus they became the leading principles of the new republican constitution. As the Virginia Bill of Rights starts from the assertion that "all power is vested in, and consequently derived from the people," so the new German constitution starts from the assertion (Article I) that "the state derives its power from *the people*." Now, in Germany this was revolutionary not only in the sense that it deprived the German princes of their sovereignty, but also in a much more fundamental sense. For it meant giving up the *federative* structure of the Empire, the "people" being the people of the whole of Germany and obtaining, through this provision, supreme authority over the single states of which the Empire had consisted; a supremacy which the Emperor himself never claimed, he being constitutionally nothing but the first and most powerful of his peers, the several sovereign German kings and princes. It was as though, through a revolutionary change in your American constitution, the separate states

lost their sovereignty and became constitutionally nothing but the provinces of a unified American republic. The former German "states" are therefore no longer called "states," but merely "Länder," "countries," and their former sovereignty has constitutionally dwindled to local administration and to representation on a rather pale body called the "Reichsrat," whose functions are meant to be mainly those of a sort of brake on legislation. The Reichsrat must be asked to give its consent to bills before the government can introduce them in the Reichstag (the German Parliament); and if it withholds its approval, the government must at least notify the Reichstag of the fact (Article 69). But the Reichsrat, by a majority vote, can further force the government to introduce a bill of which the government disapproves; and if the Reichstag passes it, the government must retire (Article 54). These are not very conspicuous functions; but, if used with discretion, they can prove serious obstacles to legislation unwelcome to any particular section of the Empire, and they could even very effectively obstruct a government unpopular with any local section. Though they have lost their separate sovereignties, the local sections of the Empire have therefore, in practice, retained a good deal of real power; and this was shown, to the great embarrassment of the German Government, by the difficulties between the Empire and Bavaria over the measures of coercion against the extremists, after the assassination of Rathenau. However, in the last resort, Germany is to-day not a federation, like the former German Empire, but a single state with a single sovereignty, and that sovereignty vested in the German people.

This sovereignty the people exercise through three different and separate channels:

- (1) through a president, whom they elect *directly*;
- (2) through their representatives in Parliament (the Reichstag); and
- (3) through plebiscites.

This threefold direct grip of the people on the machinery of government is new ground, on which the Republican German Government are pioneering; but it was, under the circumstances of the German Revolution, a logical and almost inevitable concession to the ruling passion of the masses, their will to control directly, and remain responsible at all times for, the affairs of the community. And as these are unfamiliar constitutional provisions, you will perhaps allow me to go into a few details.

First, as to the President. He is, as I have already said, elected by a direct vote of the people; not indirectly, through elected electors, like your President. And the direct grip of the people on the executive is strengthened even more by the people's having the right to depose the President if the Reichstag, by a majority of two-thirds, passes an appeal to them against him (Article 43). On the other hand, the President, if he disagrees with the Reichstag, can also appeal to the people, either by dissolving the Reichstag (Article 25) or by putting a law passed by the Reichstag, but disapproved by him, to the direct vote of the people (Article 73). The sovereign people, in the last resort, therefore, can veto legislation; and whereas, by your constitution, if the President and Congress disagree on a vital issue, as, say, on the Treaty of Versailles or the League of Nations, there is no way out, by the German constitu-

tion the sovereign people decide between them. Thus the balance between the Legislature and the Executive is held by the people and never passes out of their control. You will readily understand what far-reaching consequences this direct grip of the people on the Executive, and through the Executive on the Legislature, might some day have.

Through the Reichstag, which is elected by a proportional vote of all German men and women above twenty years of age, the people exercise their power in the way common to all democracies. But a special article of the constitution provides that the Chancellor and each individual minister must have the confidence of the Reichstag, and that when the Reichstag expresses its want of confidence in any minister, that minister (not necessarily the whole Cabinet) must retire (Article 54). This is, of course, entirely different from American constitutional law, by which the President appoints the Cabinet, and Congress has no means of forcing a government of which it disapproves to retire.

The third means given the German people of exercising their sovereignty, plebiscites, is hedged around by a good many safeguards. The people are called upon to decide only under certain carefully specified circumstances:

- (1) When the Reichstag appeals to them against the President, asking them to depose him (Article 43);

- (2) When the President appeals to them against the Reichstag and puts a law passed by the Reichstag to their direct vote (Article 73.1);

- (3) When a third of the Reichstag and 5 per cent of the electorate demand that a law passed by the

Reichstag shall be put to the direct vote of the people (Article 73.2);

(4) When 10 per cent of the electorate demand that a certain bill shall be introduced in the Reichstag (Article 73.3); or

(5) When the Reichsrat and the Reichstag disagree about a bill, and the President thinks fit to bring it before the people (Article 74).

Last year the German Government proposed to add to these provisions one making it unconstitutional to declare war without a plebiscite. It made this offer conditionally upon the French Government's undertaking to make a similar provision in the French constitution. But France, as you know, refused to consider the proposition.

Finally, there is still one very peculiar case to consider, in which a part of the German people can be called upon to give their decision through a plebiscite: that is, when the question arises whether a particular section of the Republic wants or does not want to form a new "land" within the Empire—an entirely new application of the principle of self-determination. The Reichstag alone can decide on this, if the will of the population affected is not in doubt and demands it. But if the will of the people is doubtful, or one of the "lands" affected dissents, then the population of the proposed new "land" must be asked for its decision through a plebiscite. We have already had, since the revolution, one case in which the Reichstag alone decided, because the will of the population was not doubtful, and another in which there was a plebiscite. The first was the formation of the "land" of Thuringen out of the small principalities of Saxe-Weimar, Saxe-Meiningen, Saxe-

Altenburg, etc.; the other the secession, by a direct vote, of Saxe-Coburg from Saxe-Gotha. The inner structure of the German Republic is thus rendered extraordinarily flexible.

THE GERMAN ECONOMIC PARLIAMENT

But by far the most original provisions of the new German constitution are those instituting a sort of economic Parliament based on the representation of economic groups, called "Economic Council of the Reich" (Reichswirtschaftsrat), as an institution subsidiary to the Legislature. Of course, the framers of the new German constitution were familiar with the view, set forth with such force by the Father of your constitution, James Madison,¹ that political contests are almost always, at bottom, economic struggles, and that every legislature is therefore, in the main, an institution for debating and deciding on economic issues. They were quite aware also of the fact that, since universal suffrage and modern democracy, the party "machine" has come into being, generally as the instrument of some powerful economic interest, and that most members of every legislature, being machine made, are strongly influenced by the economic forces at the back of their machine. But they were led, nevertheless, to set up a special economic Parliament alongside the political legislature, by the following arguments, which seemed to them to justify and to demand it:

First: as legislatures are everywhere constituted, their members officially represent certain local sections of the country, not any specific economic groups or functions, such as certain processes of production

¹ *Federalist*, No. X, November 23, 1787.

or distribution or those employed in them. Whether the constituencies are small, as in England, or large, as in Germany, the local member represents a mixed lot of mill-hands, bankers, railwaymen, farmers, clerks, big and small rentiers, etc. And even if he owes his election mainly, say, to the local banker and his customers, these capitalists themselves are apt to be interested in very different processes of production or distribution; and the same holds good if he represents only the local workers. Where the interests of his supporters, to say nothing of those of his opponents, differ, he must unavoidably leave some of them out in the cold; some of them are then represented, and some not, in the legislature. The argument for a special economic Parliament based on group representation and functional suffrage is thus that the representation of economic interests in a legislature based on local suffrage is necessarily haphazard and scrappy.

Add to this that it is usually not straightforward and that it mostly lacks also technical knowledge. The processes of industry and trade are growing ever more varied and complicated, and therefore ever more difficult for any outsider to understand thoroughly. The local member who represents all sorts of different economic interests will therefore mostly have but just sufficient knowledge and understanding of one of them, if he has even that. The others he will take in hand as a lawyer might conduct a case of smallpox; or rather he will get his information and instructions, either personally or through the party machine, from one or more groups specially interested in some measure, and thus become practically, if not officially, their representative

in the Legislature. But then why not give these groups official representation and open responsibility for such measures as they advocate, instead of allowing them to slink in secretly and to shift their responsibility to a figurehead? The obvious answer is that if representatives of the different economic processes and groups, of the various industries and trades—"functional" representatives—were to sit and vote in a legislature where the other members were *local* representatives, that would mean chaos, there being no common measure to determine the relative weight of the votes of the "functional" and of the local members. The only way out, then, if there is to be functional representation, is to give the various trades and industries representation in a special body, entitled to thresh out publicly, and with the necessary technical knowledge, the arguments for and against any measure bearing on their interests.

Some sort of functional representation seemed to the framers of the new German constitution further justified by the increased importance of the functional tie, in comparison with the local tie, to the vast majority of the people in modern industrial communities. The modern business man or workman usually belongs much more really to his business or trade than to the place where he lives. He is more really and permanently loyal to his profession or his business or his mates in the factory than to his garden-suburb or his tenement-dwelling. Local and functional representation went together when the mass of the people lived and worked on the land; but where they live in big cities and work in offices or factories, functional representation has a firmer foundation in natural ties than in local suffrage. The

basis of the one grows flimsier as the basis of the other consolidates. Whether we like it or not, this is a fact which cannot be permanently ignored.

But the strongest motive which led the authors of the new constitution to institute an economic Parliament based on group representation was the same which led them to provide with such minute care for an efficient control of German policy by the people: the intense desire of the German masses, after the revolution, to control as directly as possible all the affairs of the community, of which the most important are of course its economic processes. The experiment of an economic functional Parliament was a direct outcome of the Soviet idea in the German sense, which, as I have stated, is fundamentally different from the Russian; the scheme for it originated in the early days of the revolution, when the Soviet was the outstanding shape taken by the idea of service, through direct responsibility for the affairs of the community. Workers' councils and factory councils had sprung up everywhere spontaneously; and after the fall of the Imperial Government, the Central Workers' Council in Berlin had, in the abeyance of any constitutional government, superseded the Reichstag and become the *de facto* "sovereign of Germany." It appointed as its executive six commissaries of the people, who, during the revolutionary period from November, 1918, to February, 1919, governed Germany. Now, when this Central Workers' Council decided to return to parliamentary government and to hold elections for a National Assembly, in order to get a constitution, there was great dissatisfaction in the masses, resulting in two extremely serious revolutionary move-

ments in January and March, 1919, which very nearly overthrew the *de facto* government. One of the principal reasons for these outbursts was the fear of the people that the National Assembly would do away with the Soviets and mark a return to the old and (as the masses thought) inefficient form of parliamentary democracy based on merely local suffrage.

It was in this atmosphere of unrest that the first idea was put forth of a "National Chamber of Labor" controlling production and working alongside the national Legislature, with members representing the different economic groups and processes. The National Chamber of Labor, as then conceived, was to be the top story of an edifice founded on "Councils of Production" in each factory; these factory Councils of Production having merely advisory functions and being conceived as a sort of advisory board in which the employer should meet representatives of the workers to discuss questions relating to production—not political questions, not questions of wages and hours of labor, which were to be left, as hitherto, to the trade unions, but solely methods of and improvements in production.

Above these factory Councils of Production there were to be District Councils of Production, one for each industry in the district: one for all the mines, one for all the steel foundries, one for all the spinning mills, etc. To these District Councils delegates from the employers, and delegates from the factory councils were to go up in equal numbers; and this District Council was to have not merely advisory functions, but also certain rights of administration, similar to those of the managing board of a trust or cartel.

From these District Councils of Production, employers and workers in equal numbers were to be delegated to a National Council of each industry: of the whole German mining industry, of the whole German textile industry, etc. And finally the national councils of *all* the industries were to meet and to form a Parliament of Production, the "National Chamber of Labor."

Such was the original idea accepted by the second National Convention of Factory Councils, in March, 1919, on the motion of Messrs. Cohen-Reuss and Kaliski, and advocated powerfully in the press by Democrats like Georg Bernhard. Its aims were two-fold. It proposed to build up an economic democracy, to give every man and woman public responsibility and control, first in all matters relating to their own industry or trade, and then in the whole process of German production and distribution, as political democracy gave it them first in local matters, and then in the whole of German policy. This was the ethical side of the idea. But, besides this, there was also a practical economic purpose. The factory Councils of Production and the District and National Councils of the different industries and trades, were to provide the machinery for intensifying and rationalizing production in each industry, through organized discussion and centralized administration; while the National Council of all the industries was to do the same for the whole of the nation's work, adjusting the industries among themselves, organizing the distribution of labor and raw materials, enforcing the most profitable methods of production, and, as its last and most difficult function, clarifying the different and complicated questions bearing on the rela-

tions between national and international production. You see in this last item the approach towards an international organization on the same lines, about which I shall have to say something later on, when I speak of the League of Nations.

This scheme, growing, as I have said, out of the intense desire of the German masses for responsibility and control in all matters of public concern, economic as well as political, was certainly the most original contribution of the German revolution to political thought. I believe that it will prove to have been a lasting and fundamental contribution, as I shall try to show. But in the German constitution it has been put into practice, provisionally, in a rather modified shape. The idea of building up national unity of production has been sidetracked.

Instead, article 165 of the constitution only legalized the existing Factory Councils of the workers, which are not councils of production, but merely boards of shop stewards—factory organizations for adjusting wages and social questions. It then proceeds to collect delegates of all these shop stewards' councils into a "National Council of Workers" (Reichsarbeiterrat); and finally it combines this National Workers' Council with delegates from all the employers' associations in joint meeting, into what it calls the "National Economic Council" (Reichswirtschaftsrat).

This council has no legislative or executive, but only advisory, powers. It is entirely subordinate to the Legislature, the Reichstag, and indeed was not originally much more than an advisory board for the benefit of the Minister of Economics. Even now, it is not yet finally constituted, because the employers'

associations are not yet completed. But even in this curtailed and provisional form, the Council has justified itself. It has done much useful technical work. It has established its authority in economic matters. It is producing more new men rising to the first rank in public life than the Reichstag itself; the late Chancellor Dr. Cuno was not a member of the Reichstag, but only of this economic council, and the same holds good of the present Minister of Finance, Dr. Hilferding, the most outstanding figure, next to Dr. Stresemann, in the new Cabinet. But beyond this, the view is gaining ground that, quite apart from the motives in which it originated, the Council will probably become more and more of a necessity if the restoration of prosperity is to go hand in hand with democracy in Germany. The German State has been so shaken by the outcome of the war and the policy of the Allies that it is abnormally weak and will remain for a long time at a disadvantage in dealing with social and economic difficulties. But even a strong state would find the great trusts, the powerful trade unions, the workmen's councils, and all the other new forms of corporate life which are rapidly developing in Germany, dangerous rivals unless it destroyed them as the French Revolution destroyed the old French corporations, or else solved the problem of bringing them under some sort of efficient control. Now their destruction is quite impossible, at least in Germany, and would result, if it could be accomplished, in fatal economic and social loss; so the fact must be faced that society, certainly German society, is rapidly passing from the aggregate state of pure individualism, in which it consisted only or chiefly of individuals, into a new state more closely

resembling that of the Middle Ages, in which it will consist largely also of great corporations. Now, if legislation, through members representing individuals, has proved a quite efficient method for controlling society in a state of individualism, it may be that some sort of representation of corporations in the legislative process will prove a necessary instrument for governing and controlling a society which is becoming largely corporative. Then the political legislature will continue to represent the people as individuals and to insure to them individual liberty; but the functional parliament will represent the great economic groups and corporations and, through discussion and constitutional limitations, bring them also under the control of the community. I do not venture to say that Germany has solved the difficulty; a great deal of experience and adjustment will be necessary before a confident answer can be given. But the German Republic has been the first to recognize that the problem exists, and the first to make an attempt at solving it by constitutional measures.²

This constitution evidently leaves every political, economic, and social force, every group, movement, or party in Germany free to struggle for supreme ascendancy. It must exercise this ascendancy, if it wins it, within the limits of the constitution, but there is no permanent check on the flow and rise of the forces of German life comparable to the great tradi-

² On these questions, see the admirable work of Mr. and Mrs. Sydney Webb, *A New Constitution for the British Empire*; and Georg Bernhard's book on the German Economic Parliament, *Wirtschafts Parlamente*, Rikola Verlag, Vienna, 1923.

tional and hereditary institutions installed in supreme power by the former Imperial Constitution. And even the temporary checks are weaker than in the American and British constitution. Thus the principal temporary check on popular movements or forces invented by Anglo-Saxon democracy, the delegation of the power of the people for a fixed term of years to their representatives in Parliament, is in part removed by the rules of the new constitution, which, as I have explained, enjoins a referendum under certain stated circumstances. This evidently gives popular movements and economic and social forces a very wide opening for exerting a direct influence on public affairs, not only during elections and through their representatives in Parliament, but outside the Reichstag and at all times. The fact that there is no permanent supreme authority and not even an insurmountable check on popular forces and movements, makes the difference between the rigid and autocratic structure of Imperial Germany and the flexibility of the present German democracy, and even between this and the carefully slowed-down and balanced movement of British and American democracy, very great, and gives popular movements and social economic forces a greater liberty and importance in Germany to-day than they ever had in any other great modern democracy.

We must, therefore, consider not only the parties in the Reichstag, but also the forces playing round the Reichstag, in order to get a true chart of German domestic policy.

THE POLITICAL PARTIES IN THE REICHSTAG

Of the parliamentary parties by far the strongest is the United Social Democratic Party—"united" because the split which rent asunder the Socialist Party during the war and split off the Independent Socialists was bridged over and the two parties brought together again last year. Before their union they polled 11,000,000 votes together at the last Reichstag elections, or very nearly half the votes recorded. Politically, they are not revolutionary: on the contrary, they are the mainstay of the Republic. The present President, Herr Ebert, is one of their leaders. An American lady whom I saw terror-stricken in Berlin at the sight of an imposing procession bearing along red flags was therefore laboring under a delusion when she thought these tidily dressed men, women, and boys were out to upset the government and drench the bourgeoisie in blood; they were simply demonstrating for the government. And thus it was after the assassination of Rathenau, when over a million workers marched in one interminable procession, from the small hours in the morning until late in the afternoon, four files deep, down the great boulevards in the west end of Berlin, intermingling the red, black, and gold flags of the German Republic with the red flags of International Social Democracy. In the present Cabinet the Social Democrats are represented by Dr. Hilferding and three other ministers. They stand, as does also the Democratic Party, for a republican constitution and for economic as well as political democracy. The same is true of the Catholic Center Party, the next strongest party after the Social Democrats. These three parties, polling together 18,000,000 votes at the

last elections to the Reichstag and representing an overwhelming majority of the German people, have coöperated closely since the revolution, being almost always in power together in coalition cabinets and doing their best to consolidate the Republic and Democracy. The former imperial régime, I need hardly say, ostracized the Social Democrats; and Bismarck stigmatized the Democrats and Center Party as "Reichsfeinde," enemies of the Empire. It is, therefore, an entirely new set of men that has come into power with these parties; I do not believe a single one of the Republican ministers was ever in power before the first German democratic cabinet, that which signed the Armistice.

To these fundamentally Republican and Democratic parties have been added, by the force of circumstances, as a coalition party, the Populists "Deutsche Volkspartei," of which group the present Chancellor, Dr. Stresemann, is the founder and leader. This party, which polled 4,000,000 votes at the last Reichstag elections, is not Republican in principle; but it does not believe that a monarchy is a practical proposition in Germany under the present circumstances, and it would, therefore, stand for the Republican constitution if anyone tried to upset it by violence. It is strongly backed by a number of great industrial magnates. Mr. Stinnes belongs to it as a member of the Reichstag; and it is, therefore, often spoken of as being the party of "big business." But Dr. Stresemann personally does not represent big business; he is above all an ardent patriot who would not hesitate to sacrifice to German unity not only monarchism, but even "big business," and who personally is connected, not with the great steel and

coal magnates, but with the finishing industries of Saxony, whose interests are in many respects opposed to those of the coal and steel magnates. Although the Populist Party is more conservative than the parties which originally founded and upheld the Republic, there is no serious reason on that account to suspect its loyalty to the constitution or its firmness in dealing with big business, so long as Dr. Stresemann retains its leadership. The attitude of the Populists is likely to be very similar to that of certain French politicians who wear in their voices a quaver for the monarchy when they are in "society," but in the Chamber have nevertheless steadfastly for fifty years supported the Republic; or to that of the English Tories in the early eighteenth century, who drank to the Pretender, but served, often with great ability, King George.

There is thus a great bloc, representing nearly twenty-two and a half million voters, the very backbone of the German people, supporting the Republic and Democracy in the Reichstag; whereas the opposition to the present constitution, from the Communists and Nationalists, is represented only by two feeble wings, polling together only four and a half million votes, without parliamentary influence or individual brilliancy.

ECONOMIC FORCES AND POPULAR MOVEMENTS

But playing around the Reichstag and of greater importance in Germany, as I have pointed out, than in other democratic countries, there are extra-parliamentary influences and forces which give a slightly different expression to the picture of German domestic policy. Of these the first and foremost is trade

unionism. It represents in its different shades about the same political opinions as those of the great central bloc in the Reichstag; and of course, through its powerful organization, it immensely strengthens it. There are in Germany over ten million organized trade unionists, of whom 8,750,000 are Socialists, 600,000 Democrats, and one million Catholics. The Metal Workers' Union has 1,500,000 members, the Textile Workers' 650,000, the Transport Workers' 560,000, and the Miners' 450,000. The trade unionists, with their families, represent almost half the population of Germany. Even under the Imperial Government, during the war, they began to assert and develop their power. Since the Armistice they have become a force against which no German Government could govern for any length of time. They put down the Kapp dictatorship, by their firm resolution not to recognize it and not to work for it, within five days. They stand to-day, as in 1920, for the Republic. They stand for it, not only because it has given them more rights and greater power, but also, and principally, because it has given them a new sense of self-respect and dignity. Before the war they were well cared for by the state, but felt looked down upon and "bossed" by their "superiors"; now they feel no longer outclassed by anybody, but simply socially equal. Anyone who has known German workmen before the war and meets them again to-day must notice the difference. Not that they have become overbearing or "fresh," as you say here in America; but they have acquired an assurance and a dignified courtesy which are strikingly new. The young workmen whom one meets as leaders of the unions and workmen's councils in the great manufacturing towns or

in the Ruhr, are the most hopeful human type which Germany has produced since the war. And this gain in social dignity and liberty they associate with the Republic and Democracy. So long as the trade unions retain their present membership and organization, and so long as this type of workman leads them, the Republic could not, then, be permanently overthrown. The question whether it will endure in Germany thus comes down, in a great measure, to the question whether the forces opposing the Republic and Democracy can undermine the trade unions and their present leaders, or gain such a following that they can convert the unions to their purposes or smash them permanently by force.

If the Treaty of Versailles had been different, if the sum of reparations had been less fantastic, if there had been no occupation of the Ruhr, there would be to-day as little chance of the spirit of trade unions changing or of the Republic being upset in Germany as there is of its being upset in the United States.

But as things are, both Communism and Nationalist Monarchism have become serious problems, in case of further disintegration and disorder. There can be no doubt that since the Ruhr occupation both have been gaining steadily; Communism increasing its hold on the workers in central and northern Germany, especially in Saxony, and thus threatening the present structure and spirit of the trade unions; Nationalism increasing its influence on the southern half of Bavaria, including Munich, and thus gaining a jumping-off ground for enterprises which might endanger the Republic through violence. It is serious also that the university students have been drawn

in increasing numbers over to Nationalist Monarchism by the humiliations of Germany, which they feel keenly and attribute falsely to the Republican form of government.

A rather reassuring feature is, however, that neither opposition movement has, up to date, developed any great outstanding figure, either in the Reichstag or without—no such figure as Mussolini came to be in Italy or de Valera in Ireland. The Communists rely for their leadership almost entirely on imported Russian bolshevists, such as Radek, whose ability as an agitator and organizer is undoubtedly great, but who is handicapped by being a foreigner. And on the Nationalist side the strongest leader seems to be Captain Erhardt, a former naval officer, the man who led the Kapp Putsch in 1920, but who since then has retired into the semi-darkness of secret societies, such as his terrorist "Organization Council," whose murder gangs assassinated Erzberger and Rathenau. Erhardt, who, after being caught and imprisoned for a short time in Leipzig, recently escaped under mysterious circumstances, undoubtedly has energy and resource; but to the great masses in Germany he is still nothing but a dangerous conspirator, not a figure to whom they look with any sort of hope. Hitler, of whom much is heard in the newspapers, is merely Erhardt's understudy, a local agitator endowed with some sort of magnetism for Bavarians. As to Ludendorff, he is an amateur in politics.

Leadership on the Communist as well as on the Nationalist side is, therefore, deficient. But leadership would hardly be necessary if misery and social disintegration ended by driving the masses to ex-

treme resolutions. They would take whatever leadership they could get, so long as it promised them something different from their present intolerable situation. And then the trade unions might well be deserted or captured and Democracy overthrown by Communism in the north of Germany and by Monarchism in the south. This danger is the greatest threatening the Republic to-day.

“BIG BUSINESS”

There is, however, another lesser, but more insidious, danger threatening the political state—the one arising from “big business.” Although German industry, measured by pre-war standards, is far from prosperous, yet it has suffered less, on the whole, than the state; and its relative power has thereby been increased. How far it has made an undue use of this power is a much debated question within Germany and without. I do not believe that German “big business” is any more angelic or punctilious in its methods than “big business” in other countries; and where it sees an opportunity, I do not doubt that it gets all the profit it can out of the situation. But it is the weakness of the state that makes these opportunities; and though no state is constitutionally better adapted to the control of “big business” than the German Republic through its Economic Council, this control, of course, presupposes some measure of authority and strength in the state. Thus we are back to the fundamental question: whether M. Poincaré and his set will allow the German state to recover and to regain its strength. If not, they are the last who have a right to complain about the encroachments of Mr. Stinnes and his fellow magnates.

SPIRITUAL FORCES (PACIFISM)

We have now reviewed the powers which might thwart the rise of an ordered democratic state in Germany. We have still to speak of the spiritual forces which are in the battle on the side of Democracy. They all center in the ardent desire of the great majority of the common people of Germany for undisturbed work and peace. The most conspicuous sign of this almost religious longing for peace is the great development of the "No More War" movement in the last two or three years. Starting rather humbly in 1920, it brought 500,000 people to the great "No More War" demonstration in Berlin in 1920. And last year, even after the great demonstrations following the death of Rathenau, which were assumed to have tired the masses, hundreds of thousands demonstrated against war, not only in Berlin, but in all the great German cities. Prominent among these were the young men and girls from the factories and workshops. For every ten Nationalist students I should say there are at least 10,000 young workers who believe in fellowship between nations and in organized peace.

Thus anti-militarism and pacifism are the most outstanding characteristics of the great German "Youth Movement" about which Mr. Stanley High has written a very valuable book. Hundreds of thousands of boys and girls have been caught up by this "Revolt of Youth," as Mr. High calls it, and are growing up with ideas, rather indefinite, but clear enough in tendency, and amounting to a revolt against what they deem the false ideals of the older generation—against Materialism, Imperialism, and Nationalism, against the doctrines of force and war,

a wish to join hands with their brothers and sisters, not only at home but also in foreign countries; a deep moral seriousness, in public as well as in private life. I have received here in Williamstown a letter from a young former German army officer, which seems to give better than I could the atmosphere of this movement. He writes:

We must build up a new world, a new temple. Every step that brings us nearer to the completion of this temple is illuminated by the flame of life which sprang from the eyes and lips of our dying comrades into our souls in the war. It is impossible that all the anguish they endured should have been in vain. Let us set out on the journey that will lead us to the fulfillment of the visions we had in those trenches in France. Else our life would be useless. And because France has gathered up all this anguish into her soil, I can never approve of the paths of enmity towards her. New unimagined means must be invented to appease her.

I believe that the passionate desire for international friendship burns deep down in the souls of millions of young Germans, as I do not doubt that it does also in the souls of many young French boys and girls. When reconciliation comes, as it must some day, it will find in these young men and women of both nations the soil in which the tree of peace may be firmly planted.

Two forces which are coöperating with the aims of these youthful visionaries may help to bring about at least a part of what they seek: the intense anti-militarism of the trade unions (unless they should be captured by militant communism), and the inevitable tendencies of Germany's foreign policy so long as she remains a Democracy. Of the spirit of

the German trade unions I have spoken; I wish to add only that in the last three or four years they have come into close touch with the principal German pacifist organizations, such as the German Peace Society, the German League for the Rights of Man, and the German Peace Kartell, which is a union of all German societies working for peace among the nations; and this coalition has of course greatly increased the influence and strength of pacifism in Germany.

GERMAN FOREIGN POLICY

But of German foreign policy I still owe you, before concluding, some account. In considering it, I must beg of you to bear in mind the whole series of facts which I have set before you in the course of these lectures: the crippling of Germany through the Treaty of Versailles; the weakening and dislocation of her economic structure; her low standard of living, bordering on starvation; her complete disarmament in the midst of nations fully armed; the occupation by foreign troops of large sections of her territory; the danger she runs of political dismemberment and social disintegration through the opening afforded her enemies by reparations; her transformation into a Democracy which gives the German people a fuller control of its affairs than is exercised by any other people in Europe. These fundamental facts dictate to her her foreign policy. She cannot but seek, above all things, peace, in order to preserve her unity, to reorganize her industries, her trade, and her finance, to raise the standard of living of her population above degeneracy and disease, to pay off her reparations debt and liberate her territory, to

gain safety from aggression, and, last but not least, to help in solving the problems which brought about the Great War or were created by it, and which, if they are not solved, must in the long run bring on her and on Europe another war. The people themselves having the ultimate control of Germany's foreign policy, it would not be possible, except after a revolution upsetting the present constitution and giving power to some reckless form of autocracy, for any German Government to depart from the very narrow lines laid down by these necessities.

The first and foremost of these is, of course, the liberation of German territory, of both the Ruhr and the Rhineland, within the shortest possible time. Because this presupposes the settlement of the questions of security and reparations, the aim dominating German foreign policy at the present time must be a settlement of these questions on lines not permanently crippling the German people and not breaking up German unity. We have seen that France's aims, as disclosed at the Paris Conference and after, are exactly opposite. So long as France abides by her present policy, a permanent settlement of these intimately intertwined questions is therefore impossible, because her policy conflicts with the very purposes which induce Germany to seek a settlement. Can this clash of policies be overcome? That is the fundamental question which German foreign policy is called upon to answer, because it cannot attain its first and foremost aim, the liberation of the German occupied areas and the protection of Germany from further aggression and dismemberment, unless it can answer it in the affirmative.

But before I proceed to outline what German

foreign policy might do to overcome this clash, I must ask your permission to consider one line of approach to the problem of security which does not seem to be hopeful: the quest of security for France through the partitioning off of the Rhineland as a separate state *within* (as the promoters of this solution are generally careful to emphasize) the boundaries of the German Republic. M. Loucheur is said to favor this solution. Now, I feel bound to say that a practical solution on these lines seems to me unattainable. For I do not see of what use a German Rhine state would be to France, unless it were under permanent French control; that is to say, unless it amounted to nothing but sugar-coated annexation. But any sort of permanent foreign control of the Rhineland, which was the very cradle of the German nation in the Middle Ages, as truly as New England and Virginia were at a later date the cradles of the American nation, would lead, as I have stated, not to permanent security, but only to permanent unrest in Europe, and almost certainly to another war. For it is and always will be entirely unacceptable to the German people.

But even if the control were not permanent—even if it were limited to the fifteen years of the Treaty of Versailles—a separate Rhine state, so far from improving Germany's situation, would only make it worse. If a German state government were installed in Coblenz or Mainz with a French army of occupation garrisoning the Rhine, its government would be entirely at the mercy of the French—more so even than the German and Prussian governments are now. The French could use it for any purpose they might please, as the British Government used the

Khedive of Egypt, or as the French themselves use the Emperor of Annam. And such an Egyptization of the Rhineland would make the chances immeasurably greater than they are even now, that the French occupation would not cease until the Rhineland was finally separated from Germany; for the French could then probably veil the separation under some sort of agreement with the Rhine Government, or even under some sort of falsified plebiscite; while in the meantime the pressure on the population, with this possibility held out to France, would become even greater than it is now. If the separation is to come, let it come by open force; better that than some shady agreement between France and a terrorized Rhine Government. In the first case, Germany would at least keep her legal title.

But, even apart from these considerations, the German constitution, by the very fact that it sets up certain rules for the formation of new states within the Republic, limits the power of the German Government to act in this matter. It decrees that a new German state shall not be formed against the will of the people concerned, and that this will, if it is doubtful, must be ascertained by a direct vote; which presupposes, of course, perfect freedom for the voters. Therefore, a new Rhine state could not be formed constitutionally so long as the Rhinelands were occupied, the occupation by French or Belgian troops rendering a free vote impossible. Unless, therefore, the French and Belgians are willing to evacuate the Rhineland, the creation of a separate Rhine state is, by the German constitution, removed from the realm of practical politics.

As I have already stated in my last lecture, se-

curity is obtainable for France on whatever terms she thinks desirable, if these terms be *reciprocal*; but not on any terms which are not reciprocal, because the very nature of human affairs and passions precludes this.

But far more important for security than any written agreement would be *common interests recognized by both countries and sufficiently powerful to minimize the risk of aggression from either side*. German, and also French, foreign policy can do most for reciprocal security by fostering the birth and growth of common interests, be they economic, social, or purely spiritual. It is this that gives to schemes for coöperation between German and French industry, and especially for a great Franco-German coal and iron trust, international importance. French iron and German coal are so situated geographically that, as a great French industrialist said to me a year or two after the war, "God himself has willed their alliance." This alliance cannot be allowed to set its heel on world economy, nor to become the economic pedestal of French ascendancy over Europe. It should, I think, form the nucleus for similar arrangements with the steel and coal interests of Great Britain and America, involving in a certain measure the distribution of markets; and also some form of "democratic" and international control, of which I shall speak hereafter. But under such proper control and internationalization the coöperation of French and German basic industries would draw away indispensable support from any aggressive policy on either side and turn it over to a policy of peace. This is what common sense elements in Germany and France have been proposing ever since

Versailles, as an alternative to the French official policy of ruining Germany for security.

As to *reparations*, the sum obtainable depends, as I have shown, almost entirely on the possibility of creating a surplus of German exports over imports. And this applies also to the reparations sums obtainable out of this or any other Franco-German industrial combination. A great deal of confused thought and argument has been spent on this subject, as though the mere participation of French capitalists in German industrial concerns would suffice to secure a considerable amount of reparations for France. In reality, Franco-German industrial co-operation can further reparations only in the measure in which it furthers German exports.

The only means by which German foreign policy can help to make sums available for reparations is, therefore, by furthering conditions favorable to German exports; or, in practice, by helping to restore and open markets. One of the chief aims of German foreign policy must therefore necessarily be the restoration of world economy and the removal of conditions which impede or prevent trade, and especially, of course, German trade. For unless foreign markets can absorb even greater quantities of German goods than before the war, there can be no considerable reparations payments.

Hence the great importance of Russia to Germany, as one of the greatest potential markets from which she may hope to draw income through trade, investments, and export of services. That is the angle from which the Treaty of Rapallo, in the view of those who made it, fits into the general scheme of German foreign policy. It laid the foundations of permanent

peace and good will between Russia and Germany, and insured to both countries the most-favored-nation treatment from which Germany is debarred in the Allied countries through the Treaty of Versailles. There was nothing else behind it, no wish to use it as a threat against the Allies, at Genoa or after; but for Germany's economic recovery and, amongst other things, for her capacity to pay reparations, it was vital that she should not allow Russia to be closed to her trade. It may thereby have countered France's policy of crushing Germany economically; but it certainly was, and will be still more in the future, a means of securing to France the payment of reparations.

But the necessary increase of Germany's exports, the opening up of the principal markets of the world to her trade, the supply of the raw materials and foodstuffs necessary to keep alive her industries and her people, the flow of capital into Germany to replace the capital destroyed by the depreciation of the German currency—these must depend largely on the good will and the confidence of the British Empire and America. Without that confidence and good will, Germany would therefore never be able to satisfy France or to pay even modest reparations. One of the fundamental factors of any sort of reparations settlement thus turns out to be *the establishment and maintenance of good political and economical relations between Germany and the British Empire and between Germany and the United States*. It is childish to imagine a reparations settlement between France and Germany against Great Britain, or against America. The closest political and economic alliance between France and Germany, without American and

British good will, could never lead to any substantial reparations payments by Germany to France. And therefore the fulfillment of the Napoleonic dream, the great continental bloc from Paris to Moscow under French control, would undoubtedly give France the splendor of empire, but could not for a very long time, without the good will and confidence of the Anglo-Saxon world, give her the sound finances necessary to sustain that empire.

If, therefore, Germany wishes to liberate her territory through the payment of reasonable reparations, one of her chief aims must be the establishment of good relations with Great Britain and America.

And, of course, she must also arrive at an understanding with France. But, given common Franco-German industrial interests and a recovery of German trade and finance permitting serious reparations payments, I do not think that the support for a policy of dismembering Germany would continue strong enough in France to permit its being upheld against such tangible advantages. And when France gives up the Richelieu and Poincaré idea, I can see no political or economic reason for a permanent estrangement between her and Germany. On the contrary, I can see the most powerful reasons for intimate coöperation, material as well as ideal, between both countries.

Starting from the problem of liberating German territory and from the preliminary problems of security and reparations, we therefore see that the most vital necessity of Germany's foreign policy is a net of good economic and political fellowship binding her on the one hand to Russia and on the other to the Anglo-Saxon nations and to France. No separate

alliance, no one-sided arrangement with any one of these countries, can restore her prosperity or liberate her territory or, in the long run, make her really safe. And I beg you to believe that all responsible German statesmen realize this and will therefore not let themselves be turned aside from the paths leading to this system of broad world adjustment.

But if anything more were needed to keep them on these lines, it would be the fact that they alone can lead to the fulfillment of the second chief aim of German foreign policy: the revision of the Treaty of Versailles. I have said enough about that Treaty and its shortcomings in my second lecture to show how legitimate and how necessary to Germany and the world its revision is. But that revision certainly will not come, or will not lead to the necessary change in the spirit of the Treaty, whether it proceeds as opportunities arise, by installments, or whether it is undertaken as a whole, until good fellowship and confidence are reestablished on a firm basis between Germany and the other great nations.

And such a basis of good fellowship and confidence between nations is also indispensable to the solution of the great European problems which, as I stated in my first lecture, are continually arising out of the immense growth of population and the awakening of the masses, and which threaten Germany as much as other nations, or even more. Germany's population is growing more rapidly than that of any other western European country; she cannot hope any longer to secure for her teeming millions food or raw materials through imperialism; she cannot set out to make herself safe against the still greater increase in man-power of the Slav na-

tions, or the overwhelming superiority of armed France, through armaments; she cannot achieve the unity of Germany and Austria, for which the national spirit cries, through war. The solution of all these vital problems she can only, and *must* therefore, seek by the same means by which she seeks the liberation of her territory and the revision of the Treaty of Versailles; that is, by the establishment of firm and confidential relations with America and Great Britain, with Russia, with France, and with all the other European countries, be they former enemies or neutrals.

GERMANY AND INTERNATIONAL ORGANIZATION: THE
LEAGUE OF NATIONS AND THE WORLD COURT

But even good feeling and good will between nations, if not solidified and crowned by a structure of permanent agreements and by sanctions of international law, must fail to solve such dangerous difficulties as conflicts of national aspirations with existing political frontiers, or conflicts involving the honor or vital interests of nations; or fundamental problems such as the distribution of markets and the adaptation of the supply of food and raw materials to the varying needs of rival democracies, or the *bona fide* limitation of armaments, or the international regulation of the conditions of labor, or the efficient control of the great international economic and social groups to which modern technique and trade are giving birth. However intimate the political and economic relationships between separate sovereign states, these difficulties and problems require, besides good will, *permanent agreements removed as far as possible from the vicissitudes of politics*. The

League of Nations, whatever its shortcomings, is at least conceived as a permanent agreement. It thereby gives Europe its first real chance of solving fundamental problems. And I believe therefore that Germany is vitally interested in its continuance and reënforcement. The German Government at Versailles, recognizing this, asked for admission, but was put off by the Allies. Great Britain's position may have changed since; but France has never omitted to intimate, when occasion arose, that it continued opposed to Germany's admission. This, I think, has been the principal reason why Germany has not sought membership. The German Government has not wished to add to the difficulties already existing between it and France. Another reason has been the feeling, very prevalent in Germany, that the League has not always been impartial, but has let itself be unduly influenced by the Allies and more specifically by France. It cannot be forgotten that one of the principal authors of the Treaty and of the League, M. Tardieu, has explained that the League was meant to be primarily an instrument for coercing Germany. This conception, if it were justified, would of course make it absurd for Germany to seek admission. And unfortunately the Upper Silesian decision and the treatment of the Saar by the League Government Commission have seemed to justify that view in the eyes of a great many Germans. But certain symptoms show that opinion is swinging around in Germany, especially since the League, urged on by British public opinion and reminded of its duties by Mr. Branting and Lord Robert Cecil, has at least begun to look into the maladministration of the Saar. And I believe that if Germany could feel sure that

she would gain admission to the Council, her tendency to join the League would become very strong. For the economic ideas behind German Democracy—the national organization of production and distribution under democratic control—pave the way to international organization.

But this particular way of approach to the idea of an Association of Nations makes certain defects of the covenant glaringly conspicuous in German eyes. Ever since the first draft was published, German critics have concentrated on its dearth of economic ideas, its conception of the League of Nations as a purely political organization based on the representation of states. This, as I need hardly point out after what I have said to-night, is quite contrary to the conception of an *economic* democracy, based on the representation of economic groups and processes, which took hold of minds in Germany after the revolution. And I venture to say that the history of the League has on the whole justified this criticism. Its weakness, its want of real substance, has been greatly owing to its lack of economic functions. The open conferences held during this session in Williamstown by Mr. Culbertson on the international distribution and control of foodstuffs and basic raw materials must, I should say, have convinced everyone who attended them of the urgent necessity of permanent international economic agreements for satisfying the economic needs of growing nations and removing the economic causes of future wars. The conception of a League of Nations as a body merely for policing this or that corner of the world is therefore bound to pale more and more before the conception of it as a body serving to regulate the coöperation of

all the common people everywhere for the purpose of gaining their livelihood. In October, 1920, the Ninth German Pacifist Congress at Braunschweig passed a resolution saying that Imperialism receives continuous nourishment so long as the natural desire of every nation for prosperity and equal economic opportunity is not satisfied; that world-wide prosperity and opportunity are not compatible with the freedom left to private interests to use the political power of one state for the purpose of thwarting and exploiting the citizens of another state by the arbitrary distribution of raw materials and willful closing of markets; and that "therefore the League of Nations cannot ensure peace nor achieve material and moral reconstruction until it is firmly founded on an economic organization securing freedom of economic intercourse and equal economic opportunities to all countries."

And the resolutions then proceeded tentatively to answer the question, how much an economic organization or permanent international agreement could be fitted into the structure of the League. It demanded "as a first step the development by international agreement of the economic and social organs of the League, such as the Organization of Labor founded by Part XIII of the Treaty of Versailles, of its economic section, and of its International Economic Commissions, into self-governing bodies controlled by the workers and consumers."

The memorandum on which this resolution was based further explained that eventually the League should control, through these self-governing organs, world production, distribution, and finance, adapting them to the needs of the different nations; making

use for this of national and international self-government in finance and industry :

(1) through the linking up of all banks into one national group of finance, and of all works in each industry into one national group of that industry (such as the first scheme for the German economic parliament contemplated), giving the workers employed in an industry and the consumers or users of its products or services representation in the body controlling the group ;

(2) through the further linking up of all national self-governing groups of finance into one international self-governing group of finance and of all the national groups of one industry into one international group of that industry ; and

(3) through the centralizing of the several international industrial groups and of the group of international finance in an international Central Council of Industry and Finance with certain administrative powers.³

The close relationship between these ideas, first set forth in a memorandum which I made for the German Foreign Minister, Count Rantzau, in February, 1919, and those underlying the first scheme for a German Economic Parliament brought forward a few weeks later in March, 1919, is self-evident. They originated independently of one another, but both reflect, of course, the general view taken of Democracy by the German people after the revolution.

Whether they are practicable or not, coming events

³ See *Proposals for the Establishment of a True League of Nations*, by Count Harry Kessler. Printed for the special commission appointed by the Ninth German Pacifist Congress, Berlin, 1920.

must show. But some form of international control of economic forces will become very urgent, even if only the great Franco-German Steel and Coal Trust materializes. For nothing else could prevent the economic tyranny of such a mammoth group. At first the French Government might perhaps control it; but if they did succeed in controlling it for a time, it would certainly end by controlling them if they were left single-handed to fight it. The very nature of international trusts baffles national control. They are like those houses built on a frontier with exits into two countries—a happy hiding place for the bootlegger and for others dodging the police of both countries. All that has been laid before you admirably by Mr. Culbertson. Now, we have had in the Supreme Economic Council of the Allies a great experiment in international control which succeeded. I admit that it was under war conditions; but why should an organization with similar aims for the peace necessities of nations be unsuccessful, if the need for it turns out to be as great in peace as it was in war? It would mean, of course, the development of the League into an institution adapted to forwarding not only political, but also economic, coöperation between nations, and doing this, not through international economic autocracy—that is, through the arbitrary rule of great international concessionaires or trust magnates—but by a system of group representation starting from below, from the humble, everyday work of the factories, and leading thence step by step to a world-wide organization of the groups ministering to production and distribution, under the control of an association of democratic nations.

Whether this idea is practicable now must, I say,

be shown by events. But I fear that the weakness of the League cannot be healed, nor its character as a really international institution developed, by other means than giving it some such foundation in international groups sufficiently powerful to counter-balance the egoism of the national or local groups, the states and nations. Alexander Hamilton says in his masterly defense of your American constitution, which had a very similar problem to solve: "There is in the nature of sovereign power an impatience of control that disposes those who are invested with the exercise of it to look with an evil eye upon all external attempts to restrain or direct its operations. From this spirit it happens that in every political association which is formed on the principle of unity, on a common interest, of a number of lesser sovereignties, there will be found *a kind of eccentric tendency* in the subordinate or inferior orbs, by the operation of which there will be a perpetual effort in each to fly off from the common center. This tendency is not difficult to account for. It has its origin in the love of power. Power controlled or abridged is almost always the rival and enemy of that power by which it is controlled or abridged."⁴ And Hamilton solved the problem for the United States of America, as Professor Beard shows in his *Economic Interpretation of the Constitution of the United States*,⁵ by "bottoming them" on all the social and economic groups whose interests extended beyond the borders of the single states. I think that example will have to be followed by the League of Nations, if it is ever to become a reliable instrument of peace; not by

⁴ *Federalist*, No. XV.

⁵ New York, Macmillan, 1921. Chapter V.

robbing the separate states of their sovereignty, but by counterbalancing the "eccentric" tendencies which Hamilton attributed to them, through the contrary tendency of modern economic life, and by giving representation within the League to the international economic groups controlling production and distribution.

An essential feature of any such development, though it need not necessarily be a part of the League, must evidently be a supreme international judiciary, a world court before which not only the states, but also the great international economic groups, can plead and take justice. The recent moves of the United States and of Germany towards membership in the World Court of Justice of the Hague are therefore steps which, whatever may be the immediate future of the League, hold out a hope that beyond the dark and stormy sea on which Europe and humanity are being tossed at the present time there will yet be discovered that world of justice and peace, of friendly help and spiritual brotherhood between nations, for which young lives by the million on both sides embraced sacrifice in the war. That is the wish in which, I think, all we in this hall can be at one.

I have finished. But I should like to say, before stepping down from this platform, what a deep impression Williamstown has made on me. I shall go back to a Germany distracted by the throes of a terrific political and economic struggle, where it is impossible to gain a dispassionate view of events, where everything takes on terrifying shapes. And I shall think of Williamstown—of a land over which the breath of war has passed without scorching it; a land

where hospitality is a virtue still possible! I have spoken to you as a German; and, although our countries were locked in mortal strife a short time ago, you have listened to me with the courtesy which you brought with you from the old world of chivalry in Europe and developed in your own new world of romance in the West. Let me thank you; and let me say in conclusion that, if anything could strengthen my faith in a lasting reconciliation of the distracted peoples, if anything could be set up as an example of what the atmosphere of a true League of Nations should be, it is the serenity of these mornings and afternoons around the conference tables of Williamstown, when great problems were discussed between adversaries dispassionately, and the clear and open statement of conflicting views did not lead to estrangement, but to firm foundations for future friendships.

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